MARCH 25, 1955 20 CENTS

U.S. News World Report

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THE FACTS ABOUT A-BOMB "FALL-OUT"

CANCER CAN BE CONTROLLED

EXCLUSIVE INTERVIEW with
DR. RAYMOND F. KAISER
U.S. Public Health Service

Photograph by Viles

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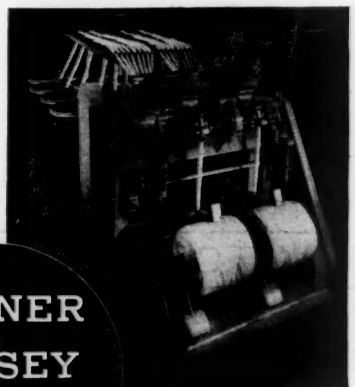
Only way for a worker to deliver more value is for him to have better and better machines, and use them well.

So, in the final analysis, only the workman can guarantee his own wage—the workman and his best friend and partner—the modern machine.



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PRECISION MACHINERY SINCE 1880

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IN THIS ISSUE

★ Yalta: A Story of Secret Diplomacy and Its Aftermath

Here is the story of Yalta. On page 42, you get the part that is told in long-secret papers, now released; on page 48, a report on secrets still untold; on page 53, eyewitness view by Fleet Admiral William D. Leahy, President Roosevelt's Chief of Staff. On page 54 begins a record of Yalta made by Charles E. Bohlen, FDR's interpreter.

★ What Russians Will Find in Iowa

The Royal Holz corn-hog farm in Iowa is a typical example for Russians coming to study U. S. farms. What Mr. Holz can show Communists about farming is told here, page 75.

★ Behind Stock-Market Flurries

Factors in recent market break and rebound, effects of investigations, are explained on page 35. For the latest on stock buying by company officials, see page 122.

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THE UNITED STATES NEWS
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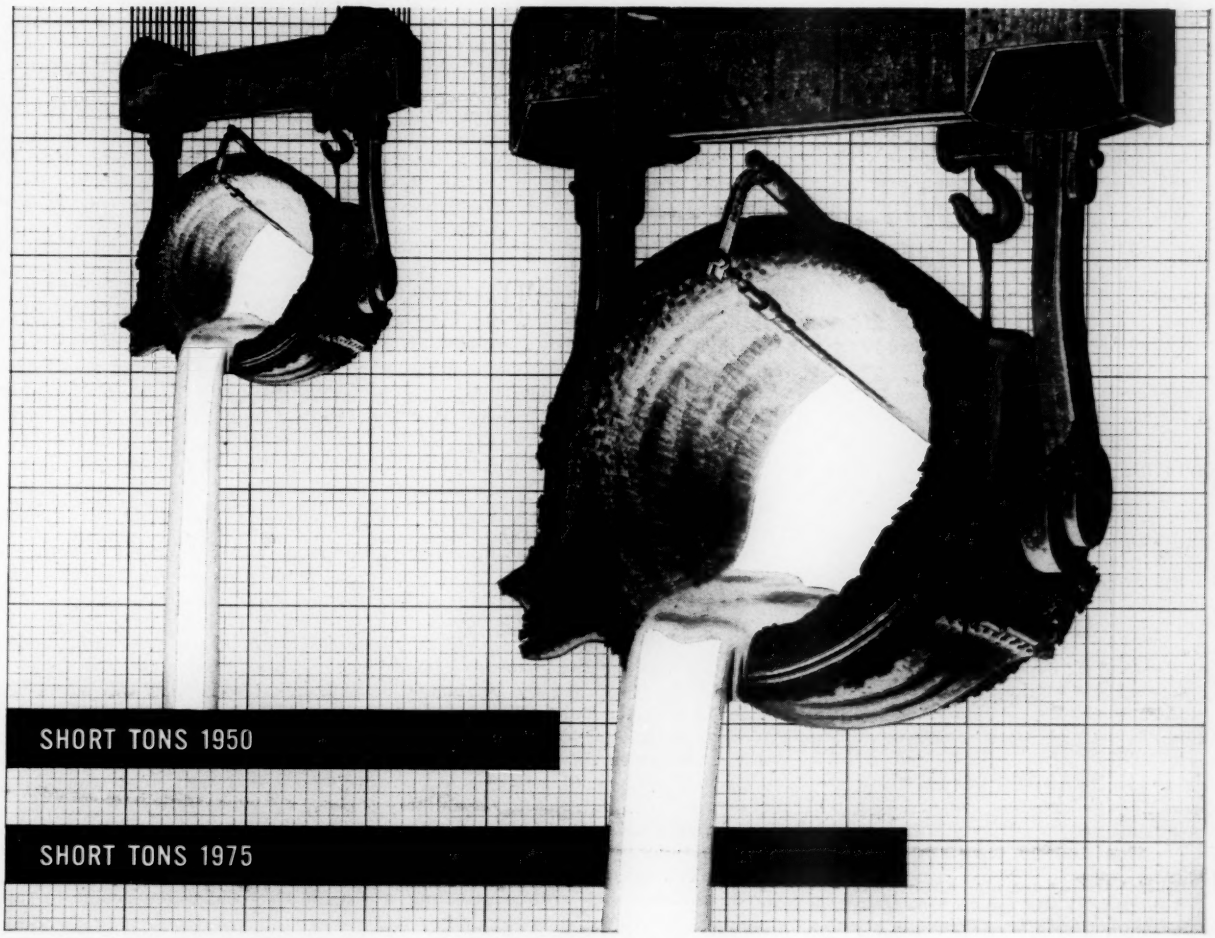
How many ladles, how many tons...in 1975?



According to an authoritative estimate*, annual demand for finished steel should swell from 68 million short tons in 1950 to *110 million short tons in 1975—an increase of 62%.*

This estimate is based on a careful study of the needs of America's expanding population and suggests the enormous possibilities of growth for corporations in many segments of industry.

An indispensable ingredient of success is a banking arrangement flexible enough to take care of short and long term requirements... adaptable to unusual opportunities.

The Bank of New York, with 171 years of commercial banking experience, has been meeting the banking needs of the manufacturers, distributors and retailers of steel products as well as countless products containing steel during the past decades of expansion.

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*Estimate taken from *A Report to the President by The President's Materials Policy Commission*

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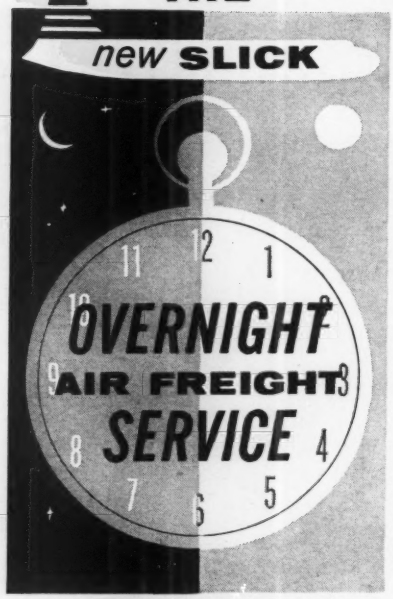

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INDISPENSABLE MAN?

MULLING OVER PROSPECTS for 1956, Republican Party strategists heard from Vice President Richard M. Nixon that they have a job to do.

"The Republican Party is not strong enough today to elect a President," he said. "We have to have a presidential candidate strong enough to get the Republican Party elected." Mr. Eisenhower, he said, wants to build the party up so that its strength will be as great as that of the President himself.

At his press conference, Mr. Eisenhower was asked if he agreed. "I agree that the Republican Party needs strength, needs recruits," he said. ". . . In spite of all the publicity gimmicks, all of the shrewd recruiting systems, there is one thing that will bring Republican Party recruits—fine programs for the benefit of all America, and real work in putting them over."

With that kind of strength, Mr. Eisenhower said, the party could win with any worthy candidate.

ATOMIC "BULLETS"

NEW LIGHT on the nation's A-bomb strategy was shed by Secretary of State John Foster Dulles in a press conference. Instead of "massive retaliation" on large cities in the event of war, the U. S. might rely on the use of small nuclear weapons, pinpointed on military targets, the Secretary said.

The smaller weapons, according to Mr. Dulles, can be dropped from planes or fired from cannons without creating a radioactive "fall-out" problem.

Asked to comment on Mr. Dulles's remarks, President Eisenhower said he saw no reason why atomic weapons should not be used against military targets exactly as bullets, or anything else, are used.

MATUSOW SENTENCE

HARVEY MATUSOW, the Government informer who recanted his testimony against a number of persons accused of Communist ties, was sentenced to three years in prison for contempt of court.

Matusow had testified at a hearing for a new trial for Clinton Jencks, a union official, now under a five-year sentence on a charge of falsifying a non-Communist affidavit he submitted to the National Labor Relations Board.

Federal Judge R. E. Thomason, who sentenced Matusow, said he was convinced that the evidence offered by Matusow in support of a new trial was "not worthy of belief," and that Matusow's reversal of testimony was part of a deliberate scheme "to obstruct justice."

COURT "YOUNGSTER"

AFTER MONTHS OF DELAY, and a day-long debate, the Senate voted to confirm the nomination of Judge John Marshall Harlan, of New York, to the Supreme Court. The vote was 71 to 11, with 2 Western Republicans joining 9 Southern Democrats in opposition. Critics of the appointment said Judge Harlan lacked sufficient judicial experience, and had not fully explained his views on some "international" questions.

At 55, Justice Harlan qualifies as a Court "youngster," along with Justice Tom C. Clark, 55, and Justice William O. Douglas, 56. Average age of Supreme Court Justices now is 63.

TIME OUT FOR SUPPER

COMMERCIAL TELEVISION—with a difference—is coming to Great Britain next autumn. Dignity will be the keynote when a big TV network starts competing with the Government-controlled British Broadcasting Corporation.

British commercials will be limited to six one-minute periods per hour, and will be spotted only during natural breaks in the programs. All programs will be carefully screened for offenses against good taste.

Most startling British innovation of all: Every TV screen will be blank from 6 to 7 p.m. each day, so that parents can persuade their children to come to supper.

H-BOMB TEST

THE BIGGEST mass evacuation ever attempted in the U. S. went off like clockwork in Mobile, Ala. As a hypothetical H-bomb attack drew near, 7,300 automobiles descended upon 100 schools and whisked their occupants to rural safety zones 20 miles away. With no advance warning of the drill, 45,000 children were moved to "safety" in just 40 minutes.

MISTAKEN IDENTITY

BUELL G. GALLAGHER, whose criticism of college athletics was quoted on this page in the issue of March 11, 1955, is president of the City College of the City of New York, one of four municipal colleges in New York. Dr. Gallagher is not connected with New York University, as was incorrectly stated.

"Over 80% of our parts orders come to us by Long Distance telephone"

Whayne Supply Co.
Louisville, Ky.

How much does tractor "downtime" cost on the job?

"It's been estimated that there is a loss of $100 an hour on the big models," reports Whayne Supply Co., Caterpillar Dealer for Kentucky and Southern Indiana. "Time is money in our business. We look to the Long Distance telephone as our chief method of saving time."

Over 80 per cent of Whayne's parts orders come in from customers by Long Distance. In rare cases, where a part is temporarily out of stock, Whayne telephones other sources of supply within 300 miles *at no cost to its customer.*

By using Long Distance, Whayne builds new equipment sales as well as its parts business. Customers know it backs up its products with the fast, reliable service which is so important to them.

There are many ways to make the telephone on your desk one of your most valuable, and lowest cost, sales aids.

If you would like a telephone company representative to stop in and explain them, call your Bell Telephone Business Office.

LONG DISTANCE RATES ARE LOW

Here are some examples:

Waterbury, Conn., to Providence	50¢
Des Moines to Minneapolis	85¢
Louisville to Cleveland	$1.00
Indianapolis to Atlanta	$1.15
St. Louis to Houston	$1.40

These are *daytime* Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

CALL BY NUMBER. IT'S TWICE AS FAST

BELL TELEPHONE SYSTEM

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Yalta Papers "Rile" Churchill . . . Malenkov's Days Numbered? . . . Ike Is Cool on Political-Type Judges

A good deal of feeling exists among Republicans that Democrats in Congress are interested in encouraging a business setback for 1956 that might increase their chances to win the election coming that year.

★ ★ ★

President Eisenhower's repeated efforts to build up political support for Richard Nixon, Vice President, are attracting the attention of the professionals in the Republican Party.

★ ★ ★

President Eisenhower is described as taking a great personal interest in the caliber of men being selected to be judges. The President's desire is to shift away from the practice of picking men for the bench from among politicians, instead of from lawyers of real standing.

★ ★ ★

The White House is beginning to draw some criticism from some members of its own staff on the ground that it is too "secret conscious." The complaint is that the President likes to keep information bottled up, and that this is keeping the country from getting the story of many of the Administration's accomplishments.

★ ★ ★

George Humphrey, Treasury Secretary, increased the rating that members of Congress give him as the strong man of the Eisenhower Administration, when the latest tax-law changes that he opposed were defeated by a Democratic Congress.

★ ★ ★

Charles E. Wilson, Secretary of Defense, has had a suggestion from the President that he avoid future comments indicating that the fate of the island groups of Quemoy and Matsu might not be important to America. Mr. Eisenhower feels that it is best that he or State Secretary Dulles do the talking on that subject.

★ ★ ★

If Mr. Eisenhower should change his mind and go to Scotland for a meeting with Sir Winston Churchill, as the British Prime Minister would like, the gesture will be related both to Sir Winston's health at age 80 and to the political situation in Britain. A visit from the President might add some political prestige to the Conservative Government at a time when an election may be approaching.

★ ★ ★

Sir Winston Churchill was described as "really boiling" over publication of the censored papers of the Yalta Conference of 1945 that he attended with Franklin Roosevelt and Joseph Stalin. American officials, however, point out that the Churchill version of that conference, taken from his private papers, was sold for publication at a high price.

★ ★ ★

Henry Cabot Lodge, U.S. Representative to the United Nations, insists that there is no truth in the report that he may become Ambassador to the Court of St. James's. Mr. Lodge is pictured as liking his present job—and as not at all sure that Winthrop Aldrich, present Ambassador, desires to return to private life.

★ ★ ★

Sir Anthony Eden, British Foreign Secretary, who is pushing hard to get membership in the United Nations for the Chinese Communists, is not displaying a similar interest in U.N. membership for South Korea, which the Communists tried to conquer in war against the United Nations.

Andrei Gromyko, Soviet Deputy Foreign Minister, gives his associates at the United Nations a clear impression that he is worried about the situation in Moscow and wants to make very sure that he is protected no matter how the wheels of fortune turn back home. Gromyko doesn't make the slightest move on his own.

★ ★ ★

Word that the Soviet Union once again is placing a military attaché in Switzerland causes British intelligence officials to recall the time when Constantin Oumansky operated on Swiss soil the biggest intelligence network in Europe for the Soviets.

★ ★ ★

Georgi Malenkov, who was Premier of the Soviet Union until recently, probably has his days numbered if the growing volume of criticism that is aimed at him inside Russia is a measure of longevity.

★ ★ ★

Delay in O.K.'ing a visit of Soviet "students" to American universities was related in part to the fact that it is not normal in this country to designate 39-year-old men as "students," particularly when they may show an interest in American research projects.

★ ★ ★

A flying device to jet-propel infantrymen through the air at relatively high speed is being talked about by officials. It is described as a sort of flying platform that can be used over comparatively short distances.

★ ★ ★

J. W. Fulbright, Arkansas Senator and stock-market investigator, got a note from a friend in the audience at a hearing. The note said: "I'm $300 poorer today." The Senator returned the note with this reply: "You mean you're $300 less rich today."

This Market Basket Feeds Millions

In 1954, National Distillers bought enough natural gas to fuel the gas furnaces of New York City for over a year . . . glass enough to glaze the windows in the United Nations building approximately 200 times, with some left over . . . and steel enough to fence in the whole continent of North America.

These are just a few of the 25,000 items we purchase, costing over $100 million every year. To move them and the products they make requires every facility of America's vast transportation system. In fact, our tank cars alone, in just one month, cover enough miles to encircle the globe 23 times!

Every dollar National Distillers spends means income for someone—for the companies we buy from, for their employees, for the places where they spend their money. In this way, our "grocery bill" contributes substantially to the exchange of goods and services—an essential part of the life blood of America's economy.

Yes, our super-market is the whole U.S.A. And every item in our giant market-basket is needed in the manufacture or shipping of National Distillers' wide variety of products, which includes petrochemicals, solvents, intermediate and finished chemicals, as well as our famous distilled beverages, some of which are listed below—all serving the nation's growing consumer and industrial needs.

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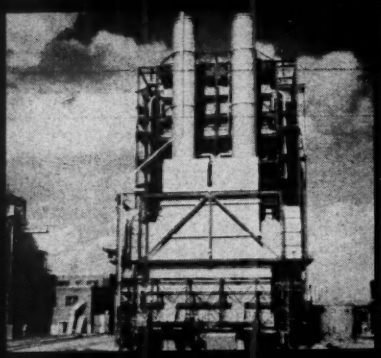

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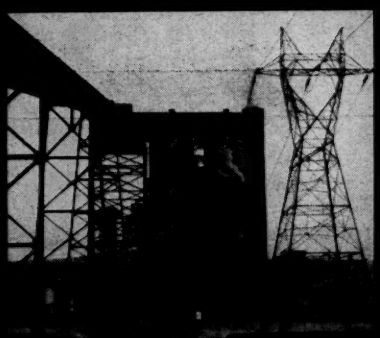
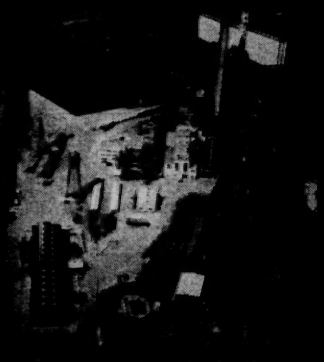
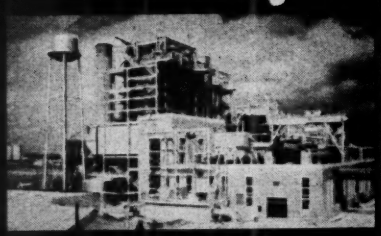


MARTINS CREEK STEAM ELECTRIC STATION (Unit 2) — 150,000 kilowatts — for Pennsylvania Power & Light Company.



[illegible] STEAM ELECTRIC STATION [illegible] kilowatts — for Dallas Power & Light Company.



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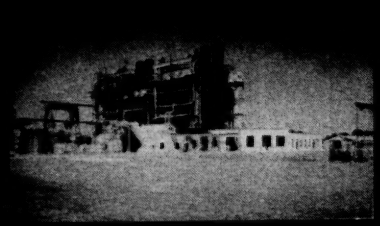

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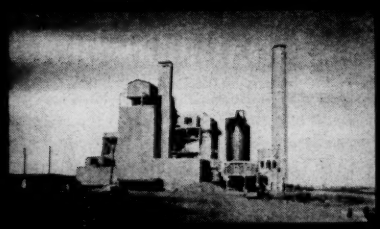

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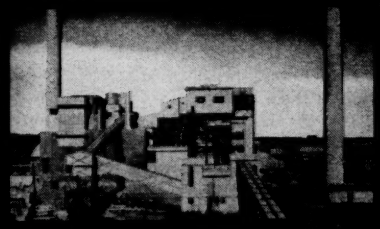

ZUNI STEAM ELECTRIC STATION (Unit 2) — 65,000 kilowatts — for Public Service Company of Colorado.

f Achievement

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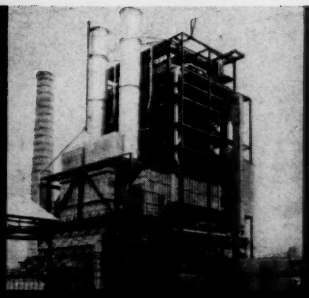
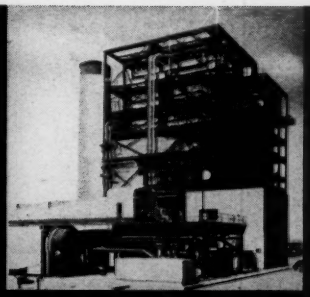
The pictures on these pages show 24 major projects which were completed by Ebasco during 1954. Ebasco provides engineering and construction services for all types of industries—from initial planning, site selection, engineering, construction, through the placing in operation of new plants.

Whatever your industry, you'll be interested in Ebasco's booklet, "The Inside Story of Outside Help." It describes the engineering, construction and consulting services Ebasco offers business and industry. Write: Ebasco Services Incorporated, Department Q, Two Rector St., New York 6, N. Y.

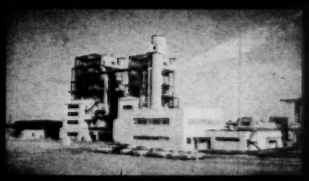


HARVEY COUCH STEAM ELECTRIC STATION (Unit 2) — 125,000 kilowatts — for Arkansas Power & Light Company.

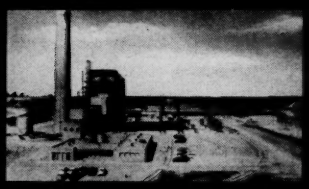


SAGUARO STEAM ELECTRIC STATION (Unit 1) — 100,000 kilowatts — for Arizona Public Service Company.

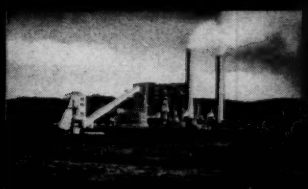
HOLTWOOD STEAM ELECTRIC STATION (Unit 17) — 66,000 kilowatts — for Pennsylvania Water & Power Company.



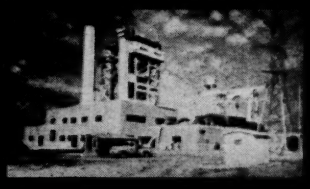
MURRAY GILL STEAM ELECTRIC STATION (Unit 2) — 66,000 kilowatts — for Kansas Gas and Electric Company.



EAGLE MOUNTAIN STEAM ELECTRIC STATION (Unit 1) — 110,000 kilowatts — for Texas Electric Service Company.



E. M. POSTON STEAM ELECTRIC STATION (Unit 4) — 66,000 kilowatts — for Columbus and Southern Ohio Electric Company.



NEOSHO STEAM ELECTRIC STATION (Unit 3) — 66,000 kilowatts — for Kansas Gas and Electric Company.

G. E. PRODUCT DEVELOPMENT LABORATORY — Schenectady, New York — for General Electric Company.

SANDOW STEAM ELECTRIC STATION (Units 2 and 3 — each 100,000 kilowatts — for Aluminum Company of America.

TRANSMISSION LINES — for Arkansas Power & Light Company.

CUTLER STEAM ELECTRIC STATION Unit [illegible] — [illegible] kilowatts — for Florida Power & Light Company.

GLENWOOD STEAM ELECTRIC STATION (Unit 5 — 100,000 kilowatts — for Long Island Lighting Company.

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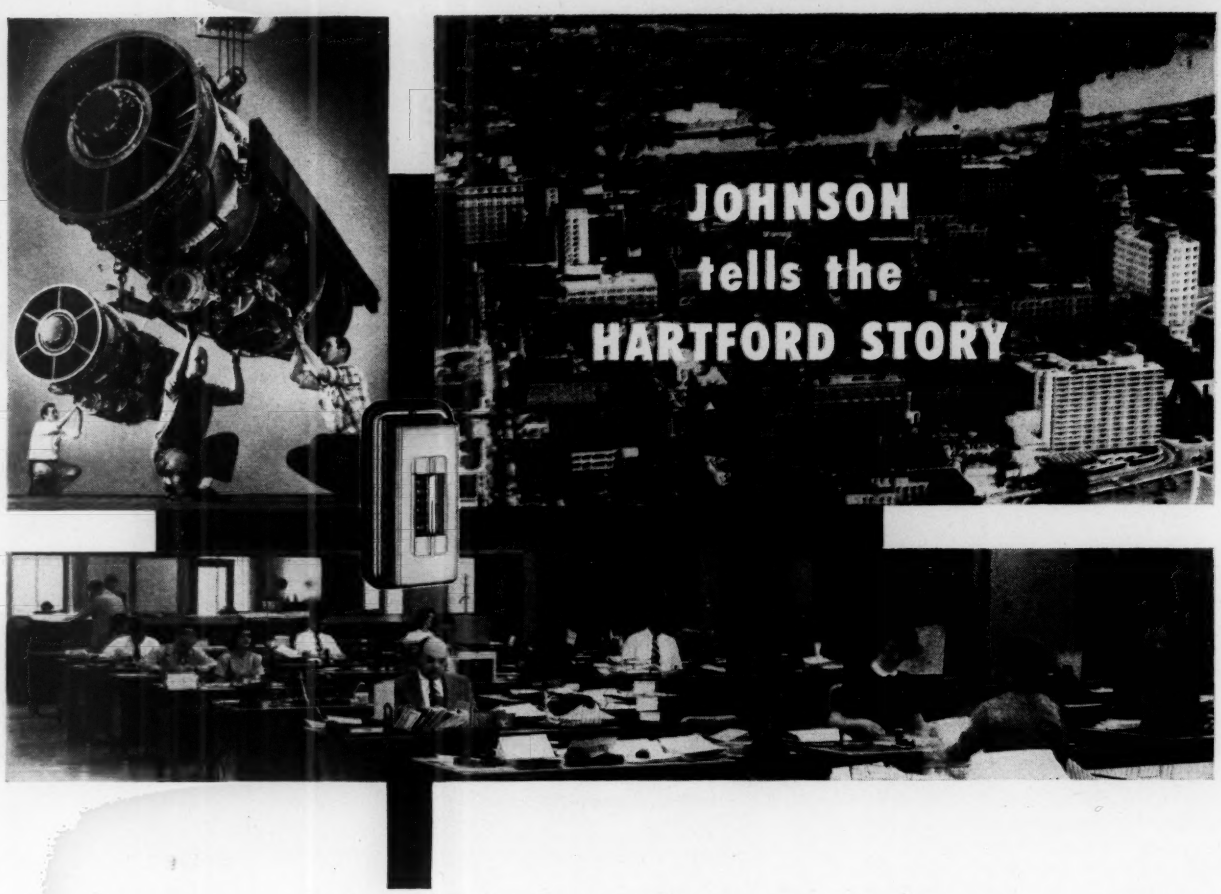

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OFFICE BUILDINGS

Hartford's famous high-efficiency insurance offices, for example, depend on Johnson Control to insure ideal working temperatures and speed output. You'll see the familiar Johnson Thermostats in the new air conditioned home of The Phoenix Insurance Co. (photo above), in the buildings of the Connecticut Mutual Life Insurance Co., Aetna Life Insurance Co., Connecticut General Life Insurance Co. and The Travelers Insurance Company. A new 11 story office building of The Travelers will also have Johnson Control.

INDUSTRIAL PLANTS

The complex temperature control problems of industry are solved with equal precision by Johnson. A good case in point is the vast Pratt & Whitney Aircraft plant in East Hartford where some of the test laboratories and manufacturing areas (photo above), as well as offices, are equipped with Johnson Control. So are the buildings of the nearby Hamilton Standard Propeller Co., Arrow-Hart & Hegeman Electric Co. and other leading industrial firms.

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In important stores such as G. Fox Department Store and West Hartford's new Lord & Taylor store, Johnson Control provides perfect shopping weather the year 'round. It's Johnson Control also for the new Hartford Country Club . . . The Southern New England Telephone Company . . . the Post Office . . . the new Police Administration and Court Building . . . Wadsworth Atheneum . . . the new Public Library . . . and 4 of every 5 schools in the entire area!

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How about your own building? A pace-setting, Johnson-engineered Control System will assure you the same high standards of comfort, accuracy and economy enjoyed by the majority of Hartford's, *and the nation's,* better buildings.

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A LOOK AHEAD

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You're safe now in basing plans on conclusions of this kind:

Stock-market shakeout was not the signal of trouble ahead in business.

Stocks, probably, are more soundly priced as a result of the flurry.

Tax laws are not going to be changed to penalize business. Dividend income will keep its mild relief. Faster write-off of new investment will stay. Tax rolls will not be reduced by millions.

Business itself seems underwritten well into 1956.

Majority in Congress, as we've pointed out, remains conservative.

New Deal viewpoint, while it gained last November, is not the dominant viewpoint of a Senate or House majority on most issues.

Antibusiness laws are not likely to be enacted in 1955 or 1956.

Outlook beyond that will be decided by the 1956 elections.

Strike threats in autos, electrical equipment will raise the next big uncertainties; will begin to break into the news in weeks ahead.

Auto strike, if one comes, probably will hit Ford in June. Idea seems to be to test Ford first, to set a pattern there for others. Annual wage for factory workers will be the big issue. It'll be hard fought.

Union idea for turning wages into salaries is revolutionary. It's very doubtful if U.S. industry could accept the idea and keep its competitive form. Trend then would be to a few cartels, even monopolies, where output would be geared to fixed volume, at a fixed level of prices. The customer might become the forgotten man--somewhat as in France.

Chance that unions can force industry to guarantee an annual wage to workers--whether or not they work--is somewhat less than 50-50.

Biggest gains in stock prices, for this period, probably are past. The biggest gainers are those who bought in early postwar years and held.

Stock prices, over all, are nearly 2½ times the level of June, 1949, and 60 per cent above September, 1953. The $1,000 of an investor in 1949 is $2,460 now on a paper-value basis, using SEC averages.

There have been rather spectacular gains in some industries.

To give you an idea of what's already happened: In aircraft, the $100 invested in 1949 now is $612 on an average of paper value. In paper, $100 invested six years ago now is $560. In electrical machinery, its $410. In the auto industry, it's around $300. In steel, it's $375. In TV and radio, $388.

Tobacco, on the other hand, shows no gain. In oil, the $100 investment of

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six years ago now averages $374. In chemicals, it's above $300. In utilities, the investment of $100 now is $162 on paper. For railroads, it's $248. In retail trade, the $100 of 1949 is $180 now in paper-value terms.

The point is that very big increases in the price of corporation shares already has occurred in most industries. The chance that a comparable rise will develop during the years just ahead seems rather remote as of now.

Senators, investigating the stock market, are being told that bargains today are few and far between, not lying around in abundance.

What you learn from the Yalta papers, as published, is this:

Stalin, for the Soviet Union, knew exactly what he wanted and insisted on getting it. Churchill, for Great Britain, was suspicious and tended to balk. Roosevelt, for U.S., tended to side with Stalin, to get together alone with him, making sure that the Russian leader got most of what he wanted.

Published papers, running to 400,000 words, also show this:

Alger Hiss was very much in evidence throughout Yalta. Roosevelt was inclined to favor Communist Mao Tse-tung over non-Communist Chiang Kai-shek. Stalin got almost all he asked for at Chiang's expense.

Harry Dexter White, influencing Treasury policy, wanted to make a loan of 10 billion dollars to Russia after the war, at 2 per cent interest, with other concessions. The Soviet had asked for only 6 billion at 2.25 interest. Treasury pictured vast Soviet riches in raw materials for repayment of a loan.

Bohlen papers on the formal Conference itself are most complete, are given for you on page 54. Background papers, about 200,000 words, show what went on before the Conference. Censored portions of the papers amount to about 10 per cent. They're the really embarrassing parts.

Most important omission: Army papers supporting the thesis that the Russians must be brought in to defeat Japan, and Navy papers arguing against the need for Russian help. Army won. Russia was paid an immense price to get in at the tag end of the Pacific war, opening way to loss of Asia to Communists.

You get the story of some Yalta-paper omissions on page 48.

Still to come: Pre-Pearl Harbor papers. Papers on Cairo, Teheran and Potsdam conferences. Pressure is building to force these out.

If you're one of those worried about "fall-out" from A-bomb tests you can forget about it. The scare stories are without foundation.

A tooth X ray gives you far more radioactivity than "fall-out" from all tests to date. The 50,000 children of Japanese who received near-fatal doses of radiation at Hiroshima and Nagasaki show no changes from normal. When 128 generations of fruit flies were exposed to the equivalent of heavy "fall-out" in Government tests, they actually improved, got healthier.

The full story, from official sources, is given for you on page 21.

Atomic weapons, new type, will be used on airfields, fuel dumps, other military installations in Communist China, if the Communists insist upon a fight with America. This one would be a quick, lesson-giving battle.

Communists, if they are smart, are expected to avoid moves that would force U.S. to show the power that atomic weapons can deliver.

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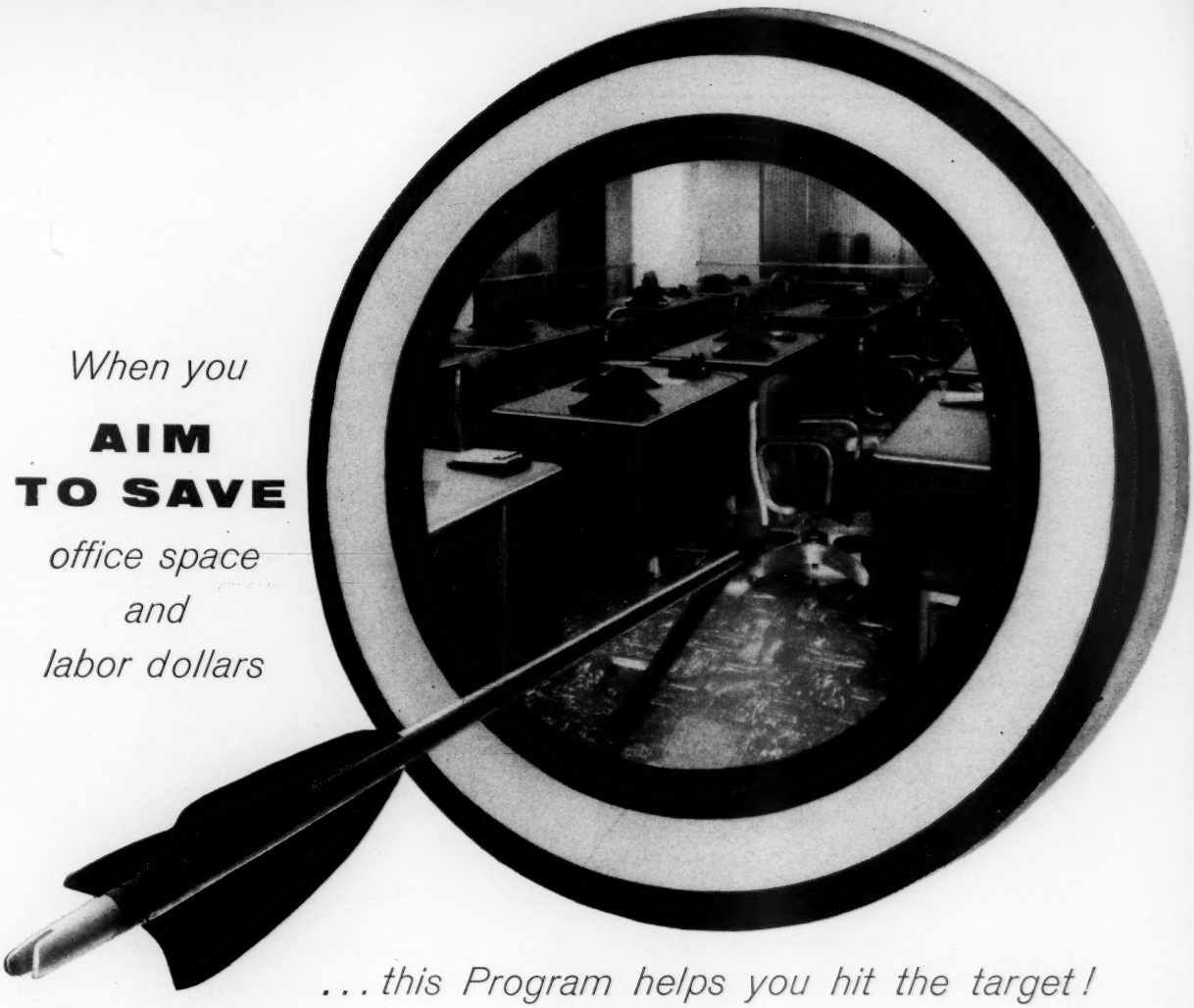

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Art Metal office equipment and service are available through a nation-wide network of 12 factory branches and over 700 dealers. Look up the Art Metal man under "Office Equipment" in the Yellow pages. Or write Art Metal Construction Co., Jamestown 2, N. Y.

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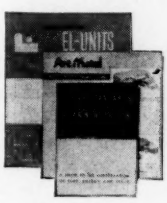

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PEOPLE ★ ★ ★

OF THE WEEK

GEORGE M. HUMPHREY is becoming more and more the favorite, and most prominent, target of Democrats in Washington. As Secretary of the Treasury, Mr. Humphrey holds the kind of politically sensitive job that invites pot shots at him. The painful spot where Government touches the citizen—in his pocketbook—is Mr. Humphrey's field of action. If taxes are to go up, or if tax cuts are to be opposed, the Secretary must call the turn.

In recent weeks, Mr. Humphrey has been called frequently before committees of Congress. Democrats in the House attempted to put him on the spot by proposing an income tax cut. Mr. Humphrey opposed it, said it would cost too much revenue. Finally, last week, he won when the Senate rejected the cut. The Secretary also found himself in the unhappy position of asking changes in last year's tax law after Democrats claimed it provided a loophole for double deduction by business. He also had to testify last week at a Senate inquiry into operations of the stock market.

The Secretary criticized the investigation, declaring it might undermine public confidence in the U. S. economy.

What is being shaped up, through clashes between Democrats in Congress and Mr. Humphrey, is a spate of oratory for next year's political campaign. Mr. Humphrey can expect to be portrayed by the Democrats as a Secretary who favors the rich, opposes "the little man."

NEW MEMBER of the Atomic Energy Commission, if he is approved by the Senate, is to be a Des Moines lawyer, **Allen Whitfield.** He has practiced mainly in the field of corporate law and insurance cases.

His nomination to the AEC is the fourth made by President Eisenhower. Only one member, Thomas E. Murray, now remains of those named to the five-man Commission by President Truman. Two of Mr. Eisenhower's previous appointees are scientists: Dr. Willard F. Libby and Dr. John Von Neumann. The other is the Commission Chairman, Lewis L. Strauss.

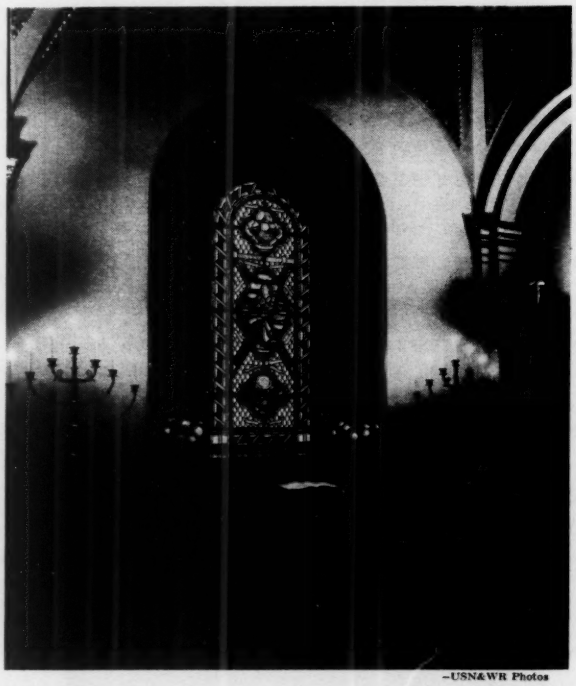
A contract for power between the AEC and private industry still is a burning political issue, and Mr. Whitfield probably can expect to be questioned closely on his views about public and private power when the Joint Atomic Energy Committee of Congress holds hearings on his nomination.

Mr. Whitfield is a Republican and a member of the Iowa State Republican Committee. In 1952, he supported President Eisenhower. He was educated at Iowa State College and the Harvard Law School, is 51 years old. The term to which he was appointed will expire June 30, but the President is expected to reappoint him for a full five-year term.

POLITICAL VICTOR in the British Labor Party's ouster of rebellious Aneurin Bevan may turn out to be youthful **Hugh Gaitskell.**

Among the trio at the top of the party's dominant right wing, Mr. Gaitskell is by far the youngest. Clement R. Attlee, party leader, is 72; Herbert Morrison, his deputy, is 67. Mr. Gaitskell, who held down a difficult job as Chancellor of the Exchequer in the most recent Labor Administration, is only 48. With Mr. Bevan out, he becomes the young heir to leadership of British Socialism.

(Continued on page 16)



—USN&WR Photos

FOR CONGRESS, A PLACE TO PRAY

A SUNDAY-SCHOOL TEACHER in Congress is realizing an old dream—opening of a "meditation room" in the Capitol where members of Congress may pray. More than three years ago, **Representative Brooks Hays** (Dem.), of Arkansas, first introduced a resolution to create the room, after Senator A. S. Mike Monroney (Dem.), of Oklahoma, mentioned the idea to him.

MR. HAYS

The retreat now is finished. Lawmakers—and only they—can begin using it this week. They will find it a small room with a high, vaulted ceiling between the two legislative chambers. The room is softly decorated with blue carpet, pale blue-gray walls, an oak altar. A stained-glass window, donated anonymously by a Los Angeles window maker and his workers, shows a kneeling figure of George Washington. Symbols were chosen to fit Catholic, Protestant and Jewish faiths.

Mr. Hays, serving his seventh term in Congress, has been in politics for 30 years. Whenever he has been home in Little Rock, he has taught a Bible class at the Second Baptist Church.

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CONTINUED

The party's deep split stemmed from differences between Mr. Gaitskell and Mr. Bevan. It was Mr. Gaitskell who, in 1951, brought out a budget sharply increasing British rearmament and imposing small charges on such things as false teeth, wigs and spectacles, previously issued free under the socialized medical system. Mr. Bevan angrily resigned from the Cabinet.

Mr. Gaitskell, an economics professor and civil servant, entered politics as a Member of Parliament in 1945. His rise has been very rapid. With the party divided, however, his chances of becoming Prime Minister dim considerably. The Labor Party was similarly riven in the early 1930s—and was nearly 15 years regaining enough strength to win a general election.

› **HAROLD STASSEN,** coming out with a new program for 3.5 billion dollars in U.S. aid to foreign nations in the next year, is predicting that aid for Asia may have to continue for as long as eight more years. By then, he says, Asian production should be up 30 per cent from where it is now. If so, the free Asian nations then can take care of their own needs.

Under Mr. Stassen's current program, military-aid spending is to remain high for the next year or so, but will gradually be tapered off while the percentage of economic aid—mainly for industrial development—rises.

This program may be Mr. Stassen's swan song as administrator of foreign aid. Under present laws the Foreign Operations Administration which he heads is slated to go out of business June 30. Mr. Stassen says there are "half a dozen" agencies in Washington that can take over administration of aid. But what of Mr. Stassen? As a prominent political supporter of President Eisenhower, he can expect to retain a fairly high Government post, if FOA is taken away from him. One of Washington's present guessing games concerns what he will get.

› **SEWELL AVERY,** chairman of Montgomery Ward & Company, believes in laying by money when times are good, then investing it when times are bad—and prices low. He also believes that depressions inevitably follow wars.

Acting on those beliefs, Mr. Avery has refused to expand Montgomery Ward's operations since World War II. Last week, a company report showed assets in cash and Government securities of 327 million dollars to meet the slump he expects.

Now, at 81, Mr. Avery faces a fight for both his job and his philosophy. His control is being challenged by Louis E. Wolfson, 43, who says he wants to expand the company. Mr. Avery countercharges that Mr. Wolfson is heading a "raiding party" to get control of Montgomery Ward's large liquid assets. The showdown may come at the annual meeting of the company's stockholders on April 22.

Fights are nothing new to Mr. Avery. He has fought with his company's directors, labor unions, and the U. S. Government. When the Government took over his Chicago plant to force compliance with a War Labor Board decision in 1944, he refused to leave his office until two soldiers carried him out.

Mr. Avery took over Montgomery Ward in 1931, when it was losing money, and it has made money ever since.

THE FABULOUS "FALCON" THAT CAN'T MISS—HOWARD HUGHES HITS THE MARK

› **HOWARD HUGHES** is producing a 100-pound aerial rocket that can chase an enemy bomber through evasive turns, smash it with one blow. The Air Force says the one-shot killer is to be the best U. S. defense against air attack.

Much credit for producing the Falcon rocket goes to two scientists, Dean E. Wooldridge and Simon Ramo, who developed the Falcon's tiny electronic "brain." They were part of a team that had made Hughes Aircraft Company a major supplier of electronic gun-sighting devices by 1950. The two scientists and several other top figures in the firm parted company with Mr. Hughes in 1953, but he went successfully ahead with projects they had started.

Mr. Hughes, now 49, inherited the Hughes Tool Company, an oil-well equipment firm, from his father in 1923, soon added new ventures. He became a top movie producer. He built a fast fighter plane; the U. S. rejected it but Japan lifted the design for its Zero. Congress awarded him a special medal for a record round-the-world flight in 1938. He has tested his own planes, has suffered serious injury in crashes, but always managed to survive.

FALCON TRACKS ITS PREY . . .

—Department of Defense photos

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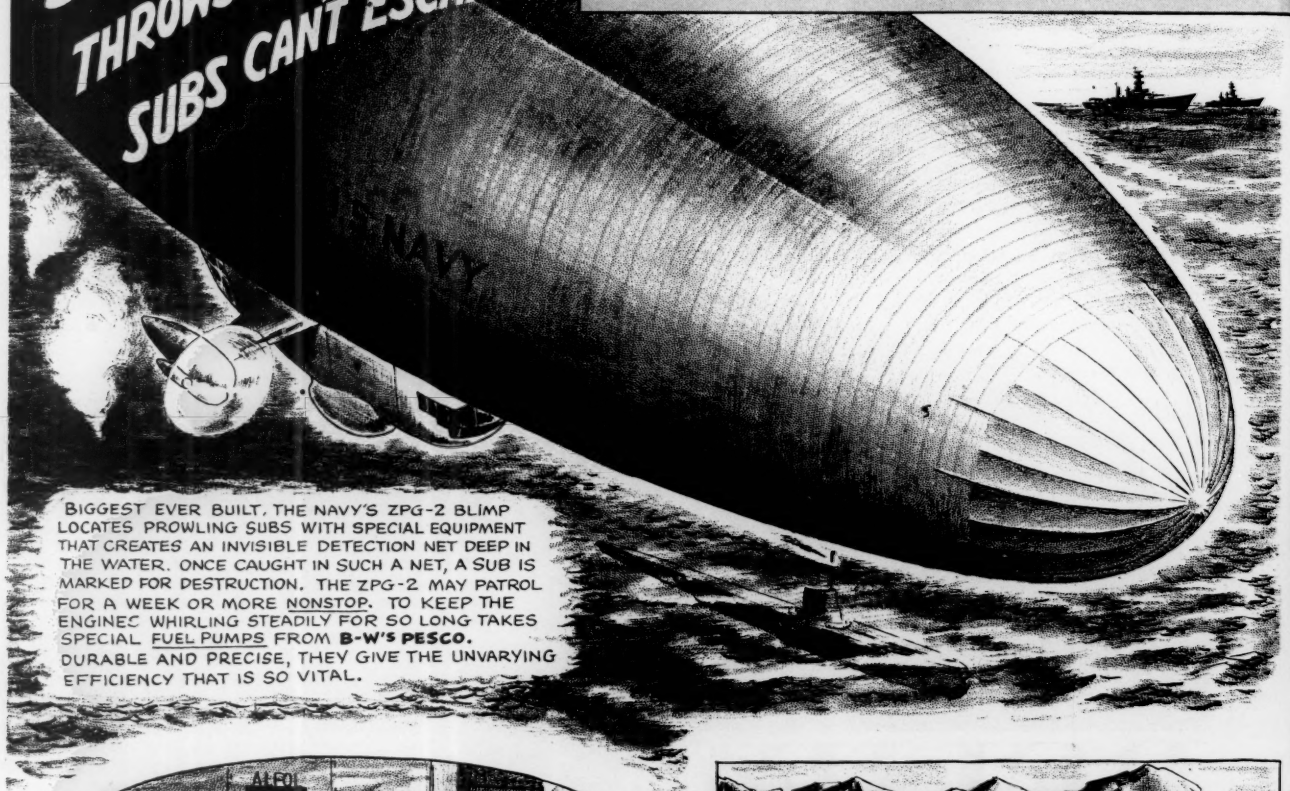

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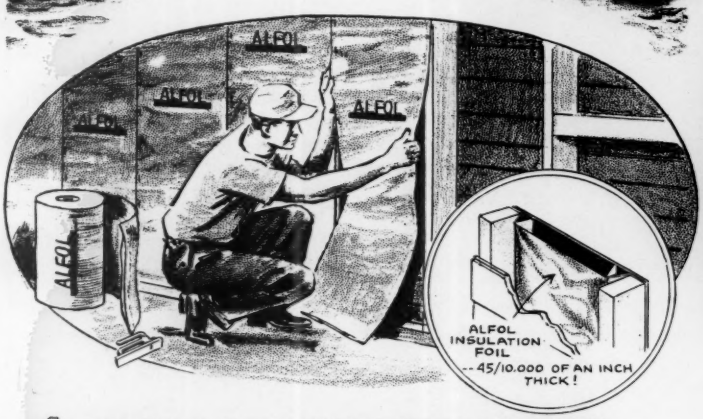

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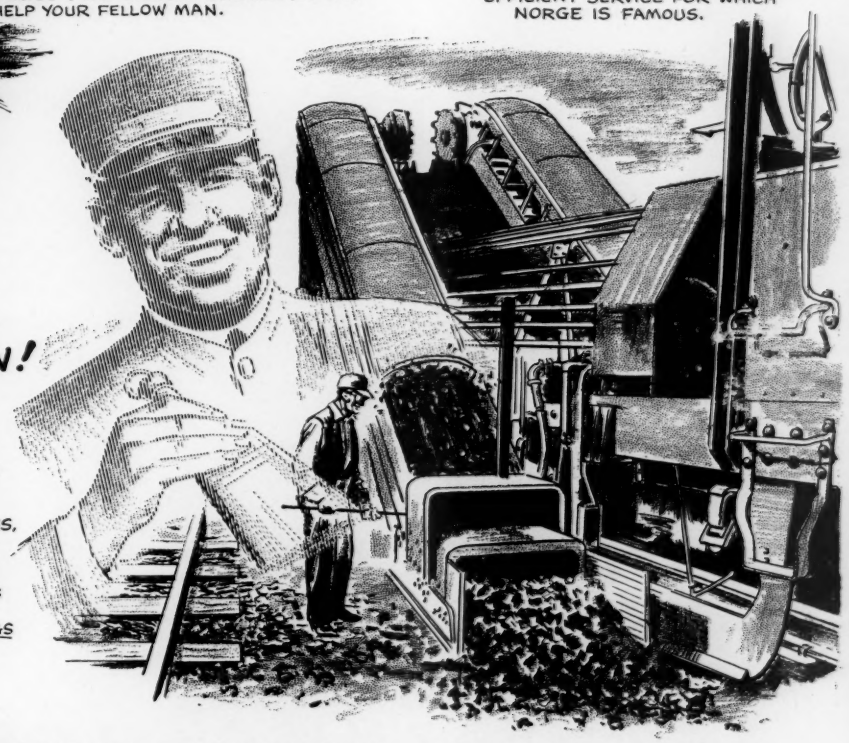
LAST YEAR, ORGANIZED RED CROSS VOLUNTEERS DONATED OVER 14 MILLION HOURS OF SERVICE -- AN AVERAGE OF 38,000 HOURS DAILY. SUCH A CONTRIBUTION OF TIME AND WORK IS VITAL TO CARRYING OUT THE VAST RED CROSS PROGRAM. EQUALLY VITAL IS YOUR CONTRIBUTION IN DOLLARS. SUPPORT THE **RED CROSS FUND DRIVE**... GIVE ALL YOU CAN TO HELP YOUR FELLOW MAN.

SLAMMING THE DOOR 275,000 TIMES TO MAKE BETTER REFRIGERATORS!

IN ONE OF MANY TESTS OF THE NEWEST MODEL **B-W NORGE** REFRIGERATORS, A MACHINE JERKED OPEN THE DOORS AND BANGED THEM SHUT 7 TIMES A MINUTE, DAY AND NIGHT -- 275,000 TIMES. THIS HANDLING EQUALLED 12 YEARS OF EVERYDAY USE -- YET THEY CAME THROUGH UNDAMAGED. SUCH THOROUGH TESTING GUARANTEES THE LONG, EFFICIENT SERVICE FOR WHICH NORGE IS FAMOUS.



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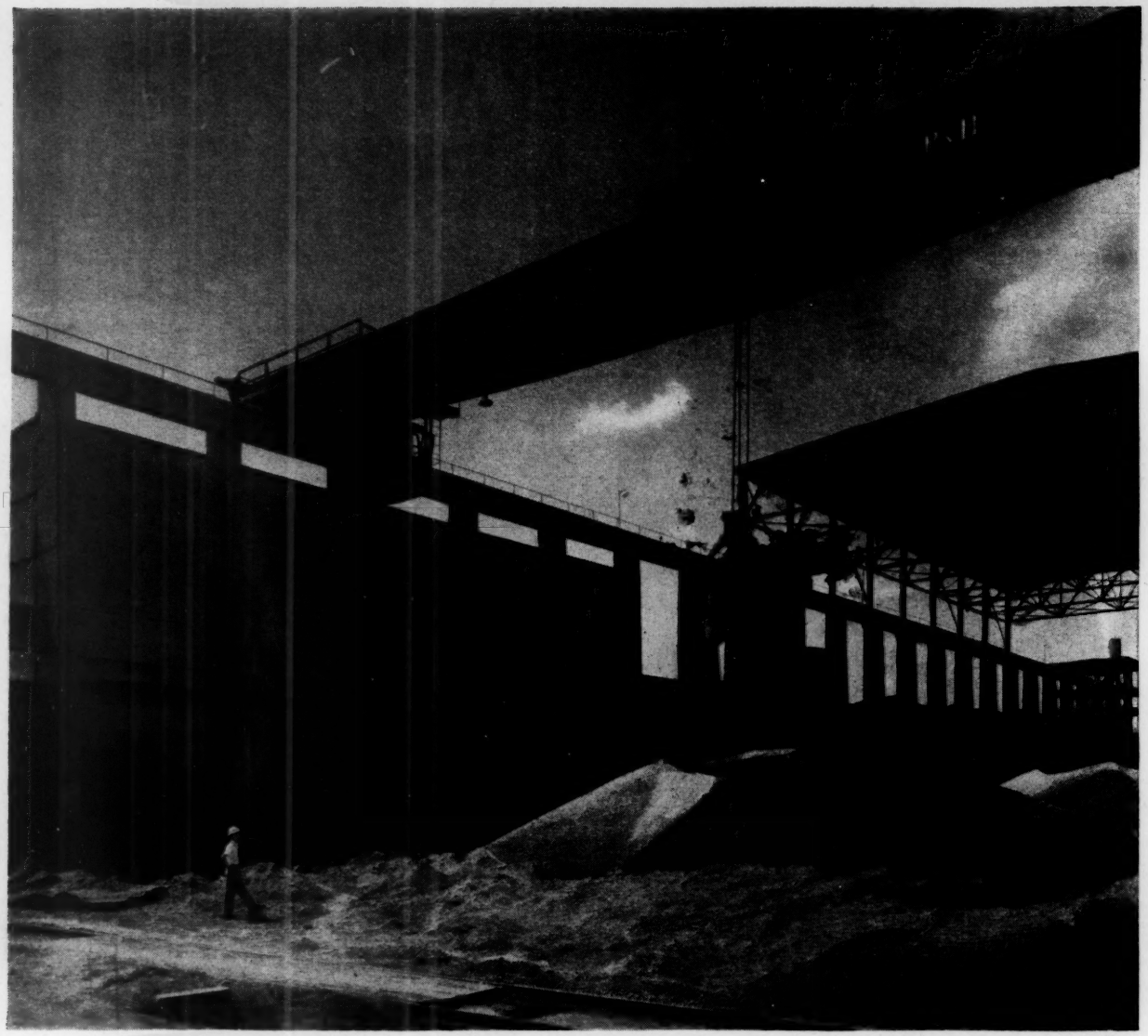

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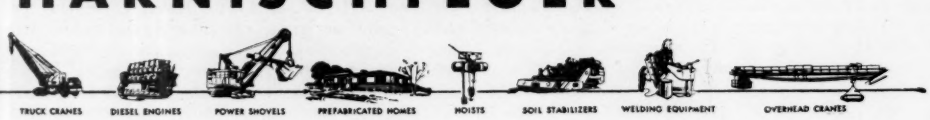


THE FACTS ABOUT A-BOMB "FALL-OUT"

Not a Word of Truth in Scare Stories Over Tests

Atom tests by U. S., despite growing alarm, aren't spreading deadly "fall-out." The facts—

• From the "Big Shot" test, a radioactive "cloud" crossed the U. S., but harmed no one.

• Effect of its "fall-out" on anyone in U. S. equaled that of a luminous-dial watch.

• Total "fall-out" on any one place for a year will be a fourth of "normal" allowance.

• New experiments show present "fall-out" level cannot harm future generations.

• Fear of food contamination is refuted.

• Even fish contaminated in Pacific H-bomb "fall-out" could have been eaten, if skinned.

Here's the real story from official sources.

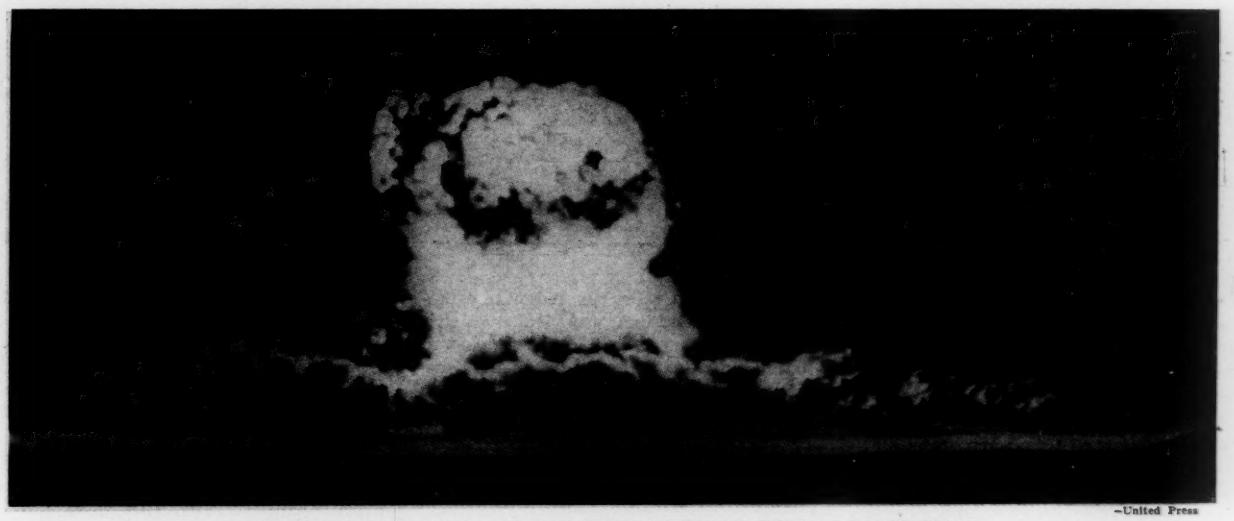
An intensive campaign to generate fear of A-bomb tests among Americans is under way at this time. In varying forms, this same campaign is being carried on in nations abroad.

Scare stories of the most sensational type are printed. Women are alarmed by reports that "fall-out" from A-bombs in Nevada might cause deformities in unborn babies. There are stories of air being poisoned, of atomic "clouds" floating across the country contaminating people and vegetation.

Vague, but alarming, statements come from many sources at home and abroad. The Soviet Union joined up by charging that A-bombs exploded in U. S. were upsetting weather in Russia.

To get the facts of what really is going on, *U. S. News & World Report* went to official sources. Extensive tests of every conceivable reaction from A-bomb and H-bomb tests have been studied. Results of those tests are facts. Many of those facts already are a matter of public record. Others are brought out for the first time in what follows.

What's done. Careful experiments have been carried out by both the Atomic Energy Commission and the U. S.



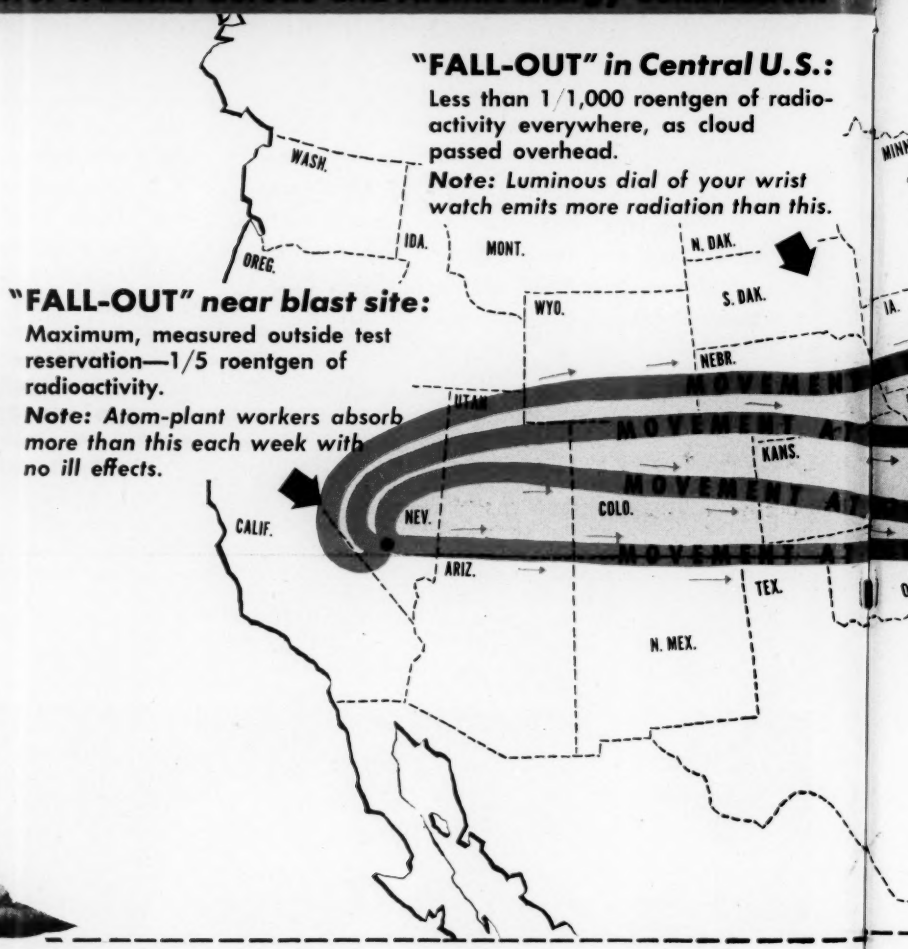
—United Press

WHEN A NUCLEAR BOMB EXPLODES, THERE IS GREAT DEVASTATION

. . . but the facts about "fall-out" from tests are reassuring

ATOMIC CLOUD OVER U. S.—
Where it went, what it did

"Big Shot," most powerful PST, March 7, in Nevada. This official records of the U. S. Weather Bureau and Atomic Energy Commission.



Source: Weather Bureau and Atomic Energy Commission

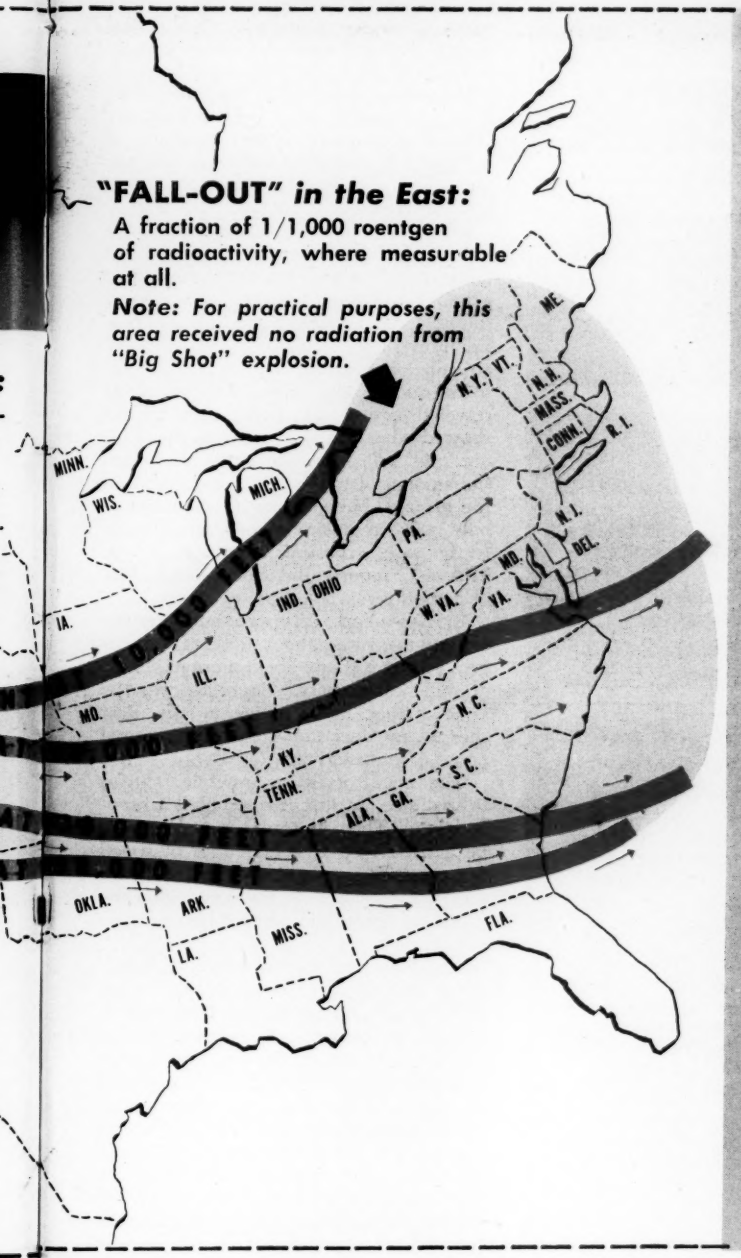
Weather Bureau to find how great is the danger from the Nevada tests. Radioactive "clouds" from each A-bomb explosion have been tracked across the country, their intensity measured at several altitudes, their "fall-out" examined all along the way. More than a hundred stations, some in nearly every State, make reports on the actual amount of local radioactivity.

Millions have been spent, too, in studying the effects of radioactivity on survivors of A-blasts in Japan, and on their offspring born after the A-bomb explosions at Hiroshima and Nagasaki. H-bomb tests in the Pacific were observed minutely to learn the effects of intensive "fall-out." Competent geneticists from all over the U. S. have been consulted to learn the probable effects of A-bursts on future generations, new experiments with animals along that line being underwritten by the AEC.

The simple conclusion is this: There isn't a word of truth in scare stories about this country's atomic tests that are getting the nation and the world in a dither.

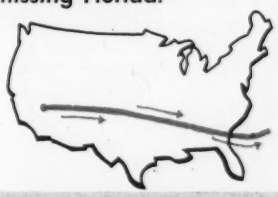
An AEC commissioner, Willard F. Libby, explains it like this:

"The world is radioactive. It always has been and always will be. Its natural radioactivities evidently are not dangerous and we can conclude from this fact that contamination from atomic bombs, small in magnitude or even of the same order of magnitude as these natural radiations, is not likely to be at all dangerous."



How Atom Cloud Actually Traveled:

TOP LAYER, 40,000 feet high, zipped across Southern U.S. to Atlantic Ocean in 24 hours, just missing Florida.



SECOND LAYER, at 30,000 feet, moved rapidly to Southeast U.S., reaching Atlantic Ocean in about 36 hours.

THIRD LAYER, at 18,000 feet, swung through Central U.S., reached East Coast in about 3 days.

BOTTOM LAYER, 10,000 feet up, extended into Canada, drifted out over North Atlantic about 4 days after blast.

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More specific assurance is given by the ACE's director of biology and medicine, Dr. John C. Bugher, in these words:

"Small detonations, such as are fired at the Nevada Proving Ground, produce contamination extending for only a few miles and the dangerously active areas are confined to the controlled bombing range."

Behind these statements is a growing mass of facts and figures being brought together by technicians all over the country. From these data, scientists can assess the actual danger from any specific atomic test in great detail.

What "Big Shot" did. Take, for example, the "Big Shot" atomic explosion, set off earlier this month, at 5:20 a.m., Pacific Standard Time, on March 7 in the Nevada desert.

This was the test, larger than most, which the Communist press claimed was contaminating industry in New Jersey and which some Europeans claimed was a serious threat to Europe because of its large radioactive cloud (see chart on page 26).

From this explosion, the exact path followed by its radioactive "cloud" is shown for you in the map on these pages.

The most intense radioactivity to fall from this test burst, on a community outside the controlled bomb range, hit a nearby town in Nevada. It measured just one fifth of a roentgen. The roentgen is a unit of radioactivity. You get 15 roentgens concentrated on one spot

WHAT U.S. HAS LEARNED FROM ATOMIC TESTS

AEC TESTS SHOW:

A wrist watch with a luminous dial will affect an individual, outside Nevada, as much as "fall-out" from any A-bomb tests in U.S. to date.

AEC TESTS SHOW:

One chest X ray would give an individual in U.S. as much radiation as he has received from all atomic explosions to date.

AEC TESTS SHOW:

Fish from the deck of the *Fortunate Dragon* — heavily contaminated after the big H-bomb test in the Pacific — could have been eaten safely, if skinned with reasonable care.

AEC TESTS SHOW:

Cattle grazing in an area of heavy "fall-out" may be contaminated by radioactivity on their hides and in their intestines, but when slaughtered "removal of those parts would leave the edible part quite safe for food."

AEC REPORTS THAT:

Atomic tests within the U.S. are planned so that no community will get more than 3.9 roentgens of exposure in a year — one fourth of the amount routinely permitted for atomic workers.

AEC REPORTS THAT:

Radioactive "fall-out" is carefully measured each day in nearly every State in the union during the "test season."

AEC TESTS SHOW:

Particles of "strontium 90" in the air form the greatest long-range danger to humans from the A-bomb tests. Yet, after all these tests to date, the amount of this substance in the air in U.S. is only 1 one-millionth of the level that would produce harmful effects on people.

AEC TESTS SHOW:

H-bomb tests could be held every week for an indefinite period without raising the amount of "strontium 90" to a dangerous level.

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when you have an ordinary set of dental X rays. It takes at least 25 roentgens to produce an effect on the human body. A 100-roentgen exposure is dangerous, but almost certainly would not be fatal. At Hiroshima, exposure to 400 roentgens of radioactivity was fatal for some, but not for others, while 500 roentgens were fatal in most cases.

Biggest "fall-out" measured from the "Big Shot," in other words, was not dangerous. No one was even warned to get inside. Atomic workers, as a rule of thumb, are permitted exposure to considerably more than this every week for an indefinite period.

Following the rays. As the cloud traveled across the U. S., spot checks showed what was happening to the "fall-out." At Salt Lake City, rain increased the amount of radioactivity measured on the ground, but even so it amounted to only .006 of a single roentgen, a perfectly safe exposure. Throughout the Midwest, reports did not exceed .001 of a roentgen.

In New York City, maximum radioactivity measured about .0003 of a roentgen, or just a shade above normal "background radioactivity." Rochester was the same. Other major cities in the East showed no deviation from their normal range of radioactivity.

The cloud itself, meanwhile, spread to vast size. At first it resembled a regular cloud. Then its top section began to be carried east at a high rate of speed by prevailing winds, while its lower area drifted slowly to the west. Soon the cloud was invisible, detectable only by instruments.

Nowhere was the effect of "fall-out" on an individual greater than the effect of wearing a luminous-dial wrist watch, with its tiny amount of radioactivity.

Within 24 hours, the cloud's top portion had been carried by the so-called jet stream all the way across the country, to the coast of Georgia. The lower portions, about 2,500 miles away, were still connected, however, and also began to blow east. Traveling at about 600 to 900 miles a day, the rest of the cloud finally reached the East Coast in about four days.

During these four days, the radioactive particles became greatly diluted over thousands of cubic miles of air, and most of those particles "decayed" and lost their radioactivity in any event. Only rarely did any noticeable increase in local radioactivity show up in the careful measurements made every day in the big cities below the cloud.

Suppose a "fall-out" of this amount were repeated, day after day. Would not this build up a dangerous amount of exposure for some areas over a period of time?

The AEC reports that there is no danger of build-up from A-bomb tests under current restrictions. It does not plan to make any H-bomb tests within the U. S. or where they could contaminate other countries. Within U. S., the planners have set a limit of 3.9 roentgens of total exposure for a year as the maximum any community will receive from tests permitted. This is only a fourth of the maximum amount that atomic workers may be subjected to routinely during the year.

How about indirect effects of "fallout" from the tests? Even if no one is hurt immediately, could the radioactive content of the air get into human systems, create deadly diseases?

The thing to watch for here, officials have concluded, is something called "strontium 90." This consists of highly radioactive particles which have a long life expectancy and which, if eaten or breathed, tend to collect in the bones of an animal or human, irradiating them dangerously.

After all of the atomic explosions to date, however, the amount of strontium 90 in the air is only .001 of the permissible level, a millionth of the level which would cause real harm. Tests indicate that an H-bomb explosion could be conducted every week for an indefinite period without raising the level of this substance to dangerous heights.

The strongest fear. How about the danger to future generations? This fear, the hardest to combat, is being played on particularly in the current campaign to view U. S. atomic tests with alarm. The concern, widely publicized, is that a general increase in radioactivity may greatly speed up the number of "mutations" in succeeding generations, result in widespread abnormalities of various kinds.

Much money and effort, first of all, was spent by AEC to keep close track of babies born to those survivors of the Hiroshima and Nagasaki bursts who were subjected to heavy doses of radioactivity. The assumption had been that a number of "monsters," or at least an increase in abnormalities, would appear, particularly in offspring of two survivors who had both been subjected to near-lethal doses of radioactivity. To many scientists' surprise, there has been no measurable increase in mutations among the 50,000 children tested.

To get data on what might happen to succeeding generations, the scientists are experimenting with irradiated animals and insects—mostly mice and fruit flies, in order to deal with large numbers. Mutations have indeed appeared. Some have been lethal, sometimes causing a 10 per cent cut in the rate of population increase. Most have been minor, like

WILL H-BOMB TESTS AFFECT FUTURE GENERATIONS?

AEC TESTS SHOW:

The 50,000 babies born to Japanese exposed to nearly fatal doses of radioactivity at Hiroshima and Nagasaki show no measurable increase in "mutations." More than 4 million dollars has been spent by U. S. making careful tests of this "2d generation."

AEC TESTS SHOW:

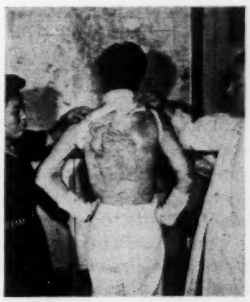
Fruit flies, raised for 128 generations in highly radioactive surroundings, did not degenerate, as expected. Instead, they ended up a better race of fruit flies—hardier, more vigorous, more reproductive, with better resistance to disease.

AEC TESTS SHOW:

Mice subjected to heavy doses of radiation showed few adverse "mutations" in succeeding generations. Worst resulting trait: a moderate increase in the occurrence of leukemia.

AEC TESTS SHOW:

Japanese survivors of A-bomb blasts with nearly fatal radiation doses also showed an increase in the frequency of leukemia. That tendency, however, has not continued in their children.



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changes in the color of eyes, the shape of wings or ears. A few have been remarkable.

Most startling of the genetic experiments thus far has been one in which a strain of fruit flies has gone through 128 generations in highly radioactive containers, to see what a massive dose of roentgens might produce. The result: a much improved race of fruit flies with more vigor, hardiness, resistance to disease, better reproductive capacity.

What does it all mean? Apparently the fear that people are supersensitive to mutations through radioactivity is not borne out. There is agreement among geneticists working with AEC that some changes in future generations are likely to result only from heavy or successive doses. There is some disagreement now on whether those changes will be for better or worse, if they occur. Some experts believe that mutations usually work out in the end to improve species.

Too small now to hurt. There is real agreement, however, on the fact that future generations will not be affected by the small amounts of radioactivity that are contained in "fall-out" from all atomic tests to date.

What about the indirect effects of this "fall-out" on plants and animals that may later be eaten by people? If there is a heavier degree of radiation in future tests, is there any potential danger here? The answer, in this case, was given in some detail by AEC's Dr. Bugher at a recent Senate hearing.

As this top U. S. expert explains it: "We have had extensive experiments on animals as food where such animals have received large doses of gamma radiation, and there simply is no transmissible effect.

"With respect to plants, some of the radioisotopes in the 'fall-out' material may be absorbed by the plant and ingested by the animal—the grazing animal.

". . . Some [radioactive] . . . elements can be picked up by the plant from the soil, and thus be carried to the animal.

"However, all of those that are of any consequence at all tend to localize in the animal's skeleton, not in the flesh that is used as food. So at the present moment, as far as using the animal as food, there seems to be very little hazard that could be associated with that type of transmission."

In past H-bomb experience, even the fish contaminated while on the deck of the Japanese *Fortunate Dragon* now are found to have been not hopelessly contaminated. The AEC spokesman says: ". . . In the case of those fish, the contamination was found to be on the outside of the fish, and actually the fish could have been skinned with reasonable, just reasonable care in the normal way of preparing tuna fish, and they would have been quite all right as food."

It all adds up to this: Scare stories now being circulated about grave dangers from current U. S. atomic tests are turning out to be without basis in fact. "Fall-out" from big bombs in wartime may become highly dangerous, but there is no evidence that "fall-out" from test explosions now being carried out by U. S. will be hazardous either to people now, to future generations, to food crops, or even to the weather.

WEATHER AND ATOM TESTS—

FICTION AND FACTS

Russia, with collective farms failing, blames troubles on U. S. atom tests.

Charges were made at a 1954 world weather conference in Geneva that U. S. atomic explosions had ruined Soviet weather, caused crops to fail.

To answer this Russian claim, U. S. Weather Bureau experts studied records, established these facts:

RAIN	**Not affected by atom tests in any way.**
TORNADOES	**No connection with atom explosions.**
DROUGHT	**It's impossible for atom tests to cause droughts.**
STORMS	**Atom explosions are far too puny to set off storms.**

The Weather Bureau's verdict—

***FEARS*, about atomic tests' changing weather, are groundless.**

***CLAIMS*, about weather upsets from atom tests, are unsubstantiated.**

WHAT THEY ARE SAYING ABOUT DANGERS IN A-TESTS

STATEMENT—

Ray R. Lanier and Theodore Puck, scientists at University of Colorado: "For the first time in the history of the Nevada tests, the upsurge in radioactivity measured here within a matter of hours after the tests has become appreciable. It is not our desire to alarm the public mind needlessly, but we feel it is our duty to say so."

ANSWER—

Governor Edwin C. Johnson of Colorado called the Lanier-Puck report "phony" and said its authors "should be arrested." The Governor added, "It will only alarm people. Someone has a screw loose some place, and I intend to find out about it."

STATEMENT—

News dispatch from Paris: "French weather experts said today a huge radioactive cloud resulting from the 'Big Shot' American atomic test blast in Nevada now is over Greenland and is expected to reach Scandinavia by Monday [March 14]. They described the cloud 'as large as Spain and France together.' "

ANSWER—

Official tests, reported by U. S. Atomic Energy Commission, show that, by the time the "Big Shot" cloud reached the East Coast of the United States, there was so little radioactivity left in the atmosphere that it was barely measurable.

STATEMENT—

Linus Pauling, chemistry professor at California Tech: "Continued dispersal of radioactive materials into the atmosphere is creating a critical situation. Irradiation may have started a new cycle of leukemia victims or new hereditary mutations."

ANSWER—

AEC tests show that, among 50,000 Nagasaki and Hiroshima children born of parents who had near-fatal radiation, there was no measurable increase in "mutations." AEC also reports radiation exposure to each individual from all tests to date averages no greater than that produced by one chest X ray.

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West Helps Reds Get Set to Fight

Britain, Others Step Up Shipments to China

Trade with Red China is arousing new alarms in Washington. Latest figures on ship movements show the reason why.

Ships owned by U. S. allies are hauling cargoes to China at a record rate. They're all doing business with the Communists.

The voyage of the Finnish tanker *Aruba*—loaded with jet fuel for Red China—is only a small part of the whole story.

More and more Allied ships are carrying goods into Red China's ports—at a time when that country again threatens America with war. Those goods are adding to the Communists' ability to wage war, if they do start one.

The mounting sea traffic is touching off a new investigation in Washington of trade between Western nations and Communist China.

That inquiry is to be made by the Senate Permanent Subcommittee on Investigations. It is headed by Senator John L. McClellan (Dem.), of Arkansas. In 1953 and 1954, it was headed by Senator Joseph R. McCarthy (Rep.), of Wisconsin.

Senator McClellan, like Senator McCarthy before him, is disturbed by the rising volume of goods that Western ships are carrying into China. A statement from the Senator appears on page 29.

The present trade creates a situation somewhat comparable to that prevailing during much of the Korean war, when Great Britain and other U. S. allies continued to trade with Red China.

A spark in a tanker. The whole issue of trade between Western nations and Red China is raised now because of Communist attempts to ship jet fuel from Rumania's oil refineries to Shanghai.

One such shipment was put aboard a Finnish tanker that had been chartered to a Communist-front firm in the British colony of Hong Kong. It contained enough fuel to enable Red jet aircraft to make 5,000 sorties—a big factor in any assault that the Communists may be planning against the off-shore islands of Matsu or Quemoy, or Formosa itself.

That fuel, it seemed likely, would never reach China's Communists. Chiang Kai-shek's Nationalist Navy is under orders to capture or destroy the vessel if it ever enters Formosa Strait. Britain will not give protection or harbor facilities to any ship carrying war materials. Result is that the tanker's crewmen refuse to go on to China.

Such instances as that of the Finnish tanker, however, are not the main worry of U. S. military men when they look at Western trade with China.

Most non-Communist countries forbid the export to China of armaments or strategic materials for Communist war industries. What causes real concern right now is the rising volume of "nonstrategic" exports to China. These goods, such as consumer items and light machinery, can be sent to China in unlimited quantities as the result of an agreement between the U. S. and its allies.

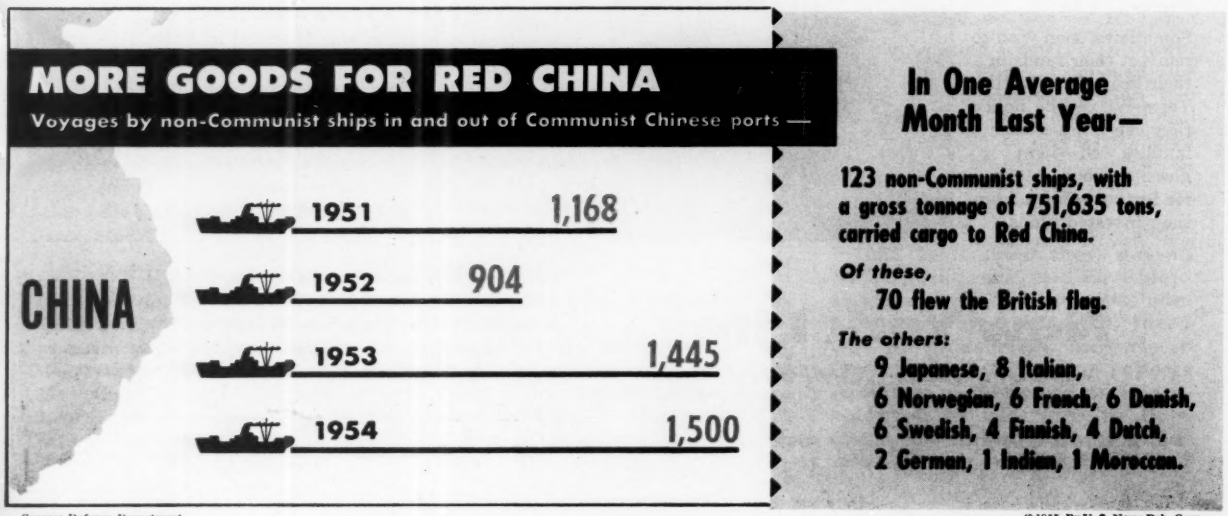
Some State Department officials say this traffic does not really amount to much. Last year, they indicate, it came to only an estimated 270 million dollars' worth of goods exported directly to China from the free world. And that figure, it is claimed, represents a decline of 5 per cent from 1953.

American military officials, however, are convinced that trade with China's Communists stands at a record high.

Increase in tonnage. It turns out that China is getting a considerable amount of Western goods indirectly—items that are bought by Russia and its satellites, then resold to China. A large part of that cargo is transported on Allied ships from Eastern Europe to Chinese ports.

Shipping figures bear out the idea of growing trade between the West and China. In February, 1954, there were 108 non-Communist vessels carrying cargo to Chinese ports. By December, that number had risen to 142—the highest monthly total since the start of the Korean war.

More than half those vessels are British-registered. But some ships flying the British flag are either owned outright or chartered by Communist China


MORE GOODS FOR RED CHINA
Voyages by non-Communist ships in and out of Communist Chinese ports —
CHINA
1951 1,168
1952 904
1953 1,445
1954 1,500
In One Average Month Last Year—
123 non-Communist ships, with a gross tonnage of 751,635 tons, carried cargo to Red China.
Of these,
70 flew the British flag.
The others:
9 Japanese, 8 Italian,
6 Norwegian, 6 French, 6 Danish,
6 Swedish, 4 Finnish, 4 Dutch,
2 German, 1 Indian, 1 Moroccan.

Source: Defense Department

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through its "front" companies operating in Hong Kong. Those companies, financed by Peiping, but often registered in the names of Hong Kong Chinese who are British subjects, claim all the privileges of British residence.

Britain has committed its warships to defend all British-flag vessels in Formosa Strait. That protection covers ships of Peiping-controlled firms, too. It means that Chiang Kai-shek's warships are prevented from action to stop vessels owned or chartered by a country with which Nationalist China is at war.

British officials say that little can be done about those firms if they are legally registered. And they argue that shipment of "nonstrategic" goods is not only permissible, but should be increased.

U. S. viewpoint. American military men differ with the British. They say that such goods enable China's leaders to divert more effort and material into their war industries.

These experts warn that materials now flowing into China from America's allies will play a direct or indirect part in killing of American youths, if the Communists carry out their threat to fight.

There is also strong suspicion among some Congressmen and U. S. military officials that more than "nonstrategic" goods are reaching Red China as seaborne traffic increases.

Cargoes of Allied vessels bound for China are seldom inspected rigidly—if at all. Many of these ships pick up their cargoes at Communist ports in Eastern Europe—where Communist agents have more opportunity to slip aboard such contraband as industrial diamonds or optical instruments.

U. S. officials find it difficult now, as before, to get America's allies to do anything about this situation.

In fact, some Western nations want the U. S. to consider a loosening of the embargo on the shipment of strategic goods to Communist China—to remove from the contraband list some items now classed as war material.

Even some U. S. businessmen, forbidden to export to China, say that America, itself, should start to trade with Red China in competition with its allies.

Growing problem. Thus Senator McClellan, as he starts his inquiry, finds that trade with China will be even harder to stop than it was when Senator McCarthy looked into the problem two years ago.

Communists now are getting far more goods from U. S. allies than they did then. As U. S. military men see it, Western goods are helping China's Communists build up their warmaking capacity that can be used if they decide to fight for the offshore islands or for Formosa.

Why Senator McClellan Is Disturbed

Full text of a statement by Senator John L. McClellan, chairman, Senate Subcommittee on Investigations, on March 13, 1955:

Because of certain disturbing facts which have recently been assembled by the Subcommittee, there will be an intensification of the investigation being conducted of the trade between our allies and the Communist world.

Trade statistics which have this week been made available to the Subcommittee disclose that during 1954 vessels of our allies made 1,470 trips in and out of Chinese Communist ports. These vessels totaled a gross tonnage of 8,873,000 tons. These figures are the highest since 1950. Furthermore, for the last six months of 1954, 782 trips were made by our allied vessels in and out of Chinese Communist ports totaling a gross tonnage of 4,757,000 tons, as compared to 688 trips and a gross tonnage of 4,116,000 tons during the first six months of 1954.

The months of November and December were the highest of any individual months since 1950. During November, 134 trips were made by Western-flag vessels in and out of Red China ports, with a gross tonnage of 825,000 tons, and in December, 142 trips were made with a gross tonnage of 828,000 tons.

These figures take on even further significance when we note that at this very moment the Finnish tanker, *Aruba*, is on the high seas with a cargo of jet fuel oil for Communist China. The Finnish Government has notified this country that, because the vessel is chartered to a company outside its control, it cannot prevent the vessel from proceeding on its way to the Chinese mainland. The company which has chartered this vessel to carry the jet fuel oil is the Far Eastern Enterprises, Ltd., of the British Crown Colony of Hong Kong.

The State Department announced on March 10 that this company is a Chinese Communist-owned company, which has its place of business in British Hong Kong. Almost two years ago, during the Korean war, this Subcommittee exposed the fact that a number of companies operating vessels out of Hong Kong, vessels which were using the protection of the flags of our Western Allies, were companies that were owned and controlled by the Chinese Communists. One of the companies we named at that time was this same Far Eastern Enterprises, Ltd., of Hong Kong. Most of these same companies are still operating and this trip of the vessel *Aruba* dramatizes the price we are paying for the protection the British Crown Colony of Hong Kong is giving these companies and the failure of our Government to do something about this most disgraceful situation.

In this connection it should be pointed out that a majority of the vessels operated by these companies fly the British flag and thus receive protection from the British fleet in that area. This Subcommittee has received a letter from the State Department in which they stated, and I quote:

"It is the understanding of the Department that it has been the British practice to assign a few light naval vessels having patrol duty in the vicinity for the British Crown Colony of Hong Kong and the Formosa Strait. They apparently have orders to render such assistance as they can to British merchant ships in the area which *encounter interference* or other difficulties." [Italics by Senator McClellan.] (The letter was signed by Ben H. Brown, Jr., Acting Assistant Secretary.)

This Subcommittee intends to continue its investigation of this deplorable situation.

—United Press

THE *ARUBA* SAILED FOR CHINA, CHANGED PLANS

WILL RED CHINA RISK WAR?

Military Men Think So—The Answer Should Come Soon

If Chinese Reds force war with the U. S., they will get it where they can least afford it —through the air.

U. S. planes, once in, will pounce on Communist air power, use tactical A-bombs to wipe out enemy bases and supplies.

Ground war against the Red hordes is out.

Quemoy and Matsu are the keys to war or peace, and the showdown is approaching.

The best fighting weather is at hand.

Communists are getting set to attack the islands, despite American warnings.

If they challenge U. S., deliberately provoke war, they're in for real trouble.

TAIPEI, Formosa

A fairly simple test—more psychological than military—is to decide the issue of war or peace involving the island groups of Quemoy and Matsu, just off the coast of Communist China.

If the Communists can gain these islands by default—through defections or gradually nibbling away at the Nationalist defenders—then the U. S. probably will not stop them.

If, however, the Communists mount a major military assault, with air power, that looks as though they are challenging the U. S., then American air and sea power will almost surely be thrown into battle against them.

If American military power is used, it will aim at a quick knockout of the airfields and air force of the Communists. That probably will mean using new-type atomic missiles—precision weapons that can destroy military targets without causing widespread casualties among civilians.

U. S. objective is to obtain a cease-fire in the Formosa Strait. It is endeavoring to stabilize conditions in that part of the world through peaceful means. Communists are aware of the American purpose. If they insist upon an aggressive war in the face of the American desire for peace, then they must face up to the consequences.

The outline of American policy given above is from the best-informed military and diplomatic sources. The decision on whether or not the U. S. will fight the Communists over Quemoy and Matsu is not being based on military judgments alone. Purely from a military standpoint, the islands are not regarded as too important as defensive positions.

Key factor. What will control U. S. action will be a psychological factor—the cost in U. S. prestige of any Communist move. There is a feeling that one more advance by the Reds will collapse the morale of anti-Communist forces on Formosa and throughout Southeast Asia if the U. S. does not fight back. Will an island war, challenging American sea and air power, mean an important moral victory for the Communists? That is the yardstick that will be used to determine whether the U. S. goes to war over the offshore islands, in event an attack comes.

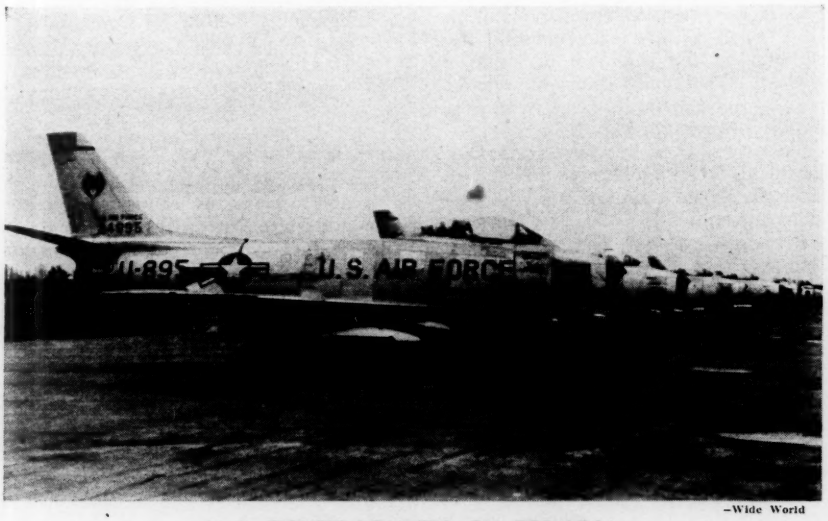
The question of war or peace may be answered within the next few weeks.

U. S. commanders agree almost without exception that the Communists intend to attack the Matsu and Quemoy groups of islands or to force the Chinese Nationalists to withdraw from them. As one general puts it: "The Communists are moving a great weight of men and material south. Half of their jet force and most of their conventional planes are already in place. I can't believe they have anything in mind except taking the islands by force."

Another U. S. general says:

"The Communists have been probing and testing right along. I think they believe we won't fight anywhere, except possibly Formosa. Even if we threatened to use the A-bomb, I think they would go right ahead simply because they would not believe what we said."

Best guess among military men in this area is that the Reds will attack during the early spring. The Formosa Strait is generally calm during late March and April. A heavy overcast, normal at this time of year, would help shield the



—Wide World

U. S. FIGHTER-BOMBERS ON FORMOSA
. . . could strike at Chinese bases

movement of Communist forces toward the islands.

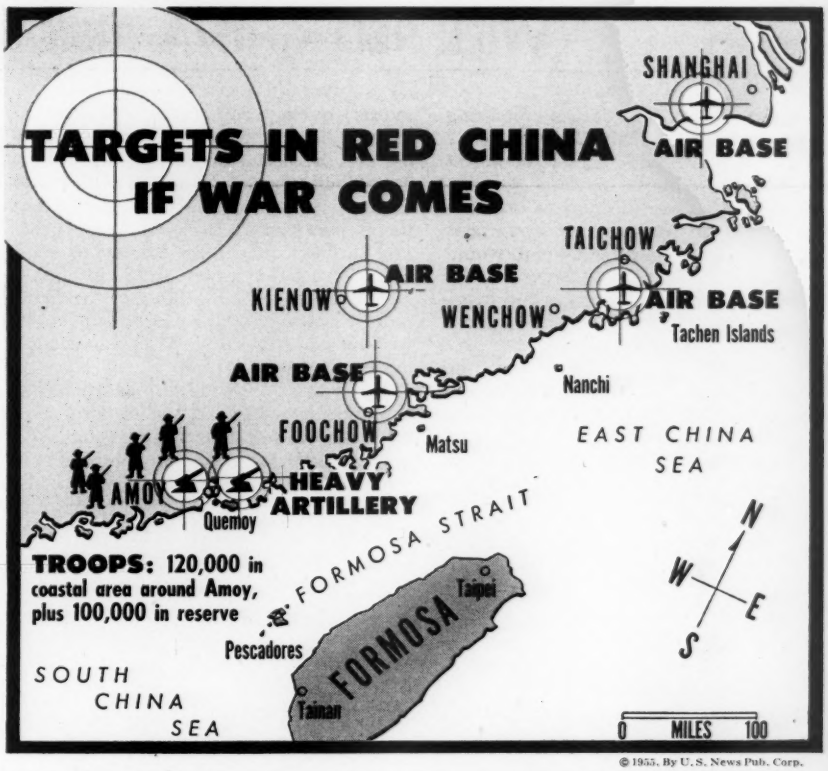
Most officers feel that an island battle confined to the Communists and Nationalists would see the Reds quickly overwhelming the defenders. This is no discredit to the Nationalists. The island garrisons are dependent on a sea supply line. They are outgunned and vastly outnumbered. Distances between Communist springboards on the mainland and the islands are so short that the small Nationalist Air Force based on Formosa would be ineffective against amphibious attackers, particularly if the Communists had air control.

"No place is impregnable," says Adm. Alfred M. Pride, commander of the U. S. Seventh Fleet, "provided the attacking force is willing and able to use the necessary force. The outcome of any battle depends on which side puts out the requisite effort."

There is a general feeling among officers here that the Communists are both able and willing to "use the necessary force" and that the Nationalists, under present conditions, are unable to put forth "the requisite effort" to hold the islands against a determined attack.

The air picture. The battle for the islands will involve air warfare. The trick for the Communists is how to use their own air strength without tangling with the United States. Communist and Nationalist air strengths shape up something like this:

• The Nationalists have about 500 planes—150 of them F-84 Thunderjets. They have part of a wing, normally 75 planes, of F-86 Sabres—the fighters that racked up a 13-to-1 count over the Russian-built MIG-15s in Korea.



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• Against this, the Communists have more than 400 jets, including IL-28 light bombers, MIG-15s and the new, faster MIG-17, which has a radar gun sight—all concentrated in the Central-South China area.

Maj. Gen. Claire L. Chennault, retired commander of U. S. air forces in China, says the Communists have accumulated sufficient fuel, ammunition and other supplies on their bases to make them operational for a short period of time.

This concentration of air power on both sides of the Formosa Strait does not necessarily mean major air battles would be fought over the offshore islands. One U. S. officer has this view:

"The Communists outnumber the Nationalists. Their fighter pilots have had more combat experience. It's a better-than-even chance that the Nationalists, when they measure the air build-up on the mainland, would not challenge the Communists. Chiang Kai-shek could easily decide to save his air power for the later defense of Formosa itself."

Few U. S. officers believe the Communists would attack airfields on Formosa, even if the Nationalists choose to defend the offshore islands with their Air Force. An attack on Formosa would automatically bring the U. S. into the battle picture. It would make it practically impossible to prevent the war from spreading. U. S. intervention would change sharply the whole picture of an island war.

All the major Communist concentrations are within range of U. S. air power. The U. S. Seventh Fleet alone could make 400 to 600 sorties a day while still protecting its carriers from enemy air attacks. The Air Force could have one or

—Eastfoto

RED BOMBER RETURNS TO CHINA
Bases are "inadequate" for a real air war

[continued]

WILL RED CHINA RISK WAR?

two wings—75 to 150 planes—operating from Formosa in less than 24 hours. F-84 Thunderjets, refueled in the air, could hit the battle area from Okinawa.

Nuclear weapons. There is a difference of opinion between Air Force and Navy men on whether the A-bomb would be required against the Chinese Communists, although both services are capable of delivering the bomb at the present time.

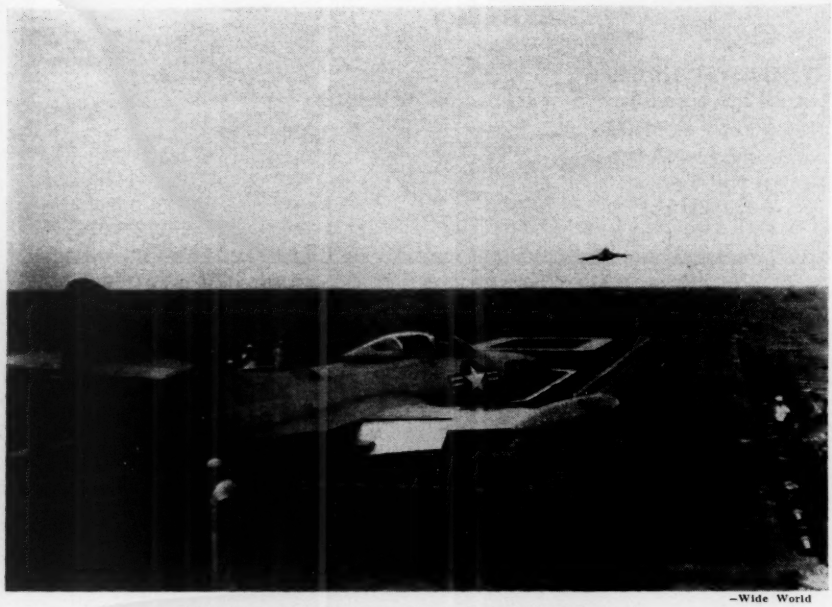
Many Navy officers believe that the Quemoy and Matsu islands can be defended with U. S. forces now in the area, using only conventional weapons. Air Force officers feel that either the A-bomb must be used or additional air strength will have to be brought to the Western Pacific.

A ground-force general agrees with the airmen in these words: "If we have decided to defend the islands, we've already decided that we are willing to use nuclear weapons and to fight all of China. It might not be smart to drop A-bombs around. But, if we don't use them, we might lose, and we'd lose a great deal."

U. S. planning for emergency intervention is on the assumption that the Communists will not quickly abandon an attack on the islands, and that the war will spread. If this happens, first job of the Air Force and Navy combined will be to obliterate Red air power. This means quick, devastating attacks on Communist bases as far north as Shanghai and Nanking, unless the Reds withdraw their planes. Any Red planes that manage to survive these strikes will find themselves cut off from the home fields and supplies they need to stay in combat. Adm. Felix Stump, U. S. Commander in Chief in the Pacific, says the Communist bases are "still inadequate" for a real air war such as the U. S. can mount, once a decision is taken.

For a time, U. S. officers expected the Communists to attack Quemoy. But, from Red troop dispositions and movements, it now appears that they are preparing to hit the Matsus first. If the Communists could get the Matsus, they could open up the port of Foochow and the air bases there in preparation for the attack on Quemoy, 120 miles to the south.

The Nationalists are building up their Matsu garrison and it now totals about 15,000 troops—the main force on Matsu Island, the largest of the group. The Communists occupy several islands in the group, some within 15,000 yards—moderate artillery range—of Matsu. The Matsus are in a rich fishing region and it is not unusual to see 1,500 to 2,000 boats in the area at one time. Taken together, these two facts mean that the Communists could easily conceal a build-up and put themselves in position to launch a surprise attack.



—Wide World

FROM CARRIERS OF THE SEVENTH FLEET . . .
. . . 400 to 600 sorties a day can be made

Quemoy presents an entirely different problem to both the defense and offense. The Nationalist-held islands—now garrisoned by about 60,000 troops—blockade Amoy, the best port in South China. But the Communists can hit most of the Nationalist defense positions with their mainland artillery.

The hills of both Big Quemoy and Little Quemoy are honeycombed with ammunition dumps, fortified caves, pillboxes and artillery positions. A network of new, fairly good highways on Big Quemoy can be used to rush troops, supplies, tanks and guns to threatened areas.

Big Quemoy's small airstrip, capable of handling twin-engine cargo planes, has been relatively immune from artillery attack. Recently, however, the Communists emplaced batteries of 122-mm. artillery opposite the northern side of Big Quemoy. The Communist guns probably are capable of winning an artillery duel with the Nationalists.

The key—air power. Military men agree that the key to any battle for the islands will be air control. If the Communists have it, they can resupply and reinforce, and attack across the six or more beaches on Big Quemoy and the two on Matsu. They can even drop paratroopers to disrupt communications.

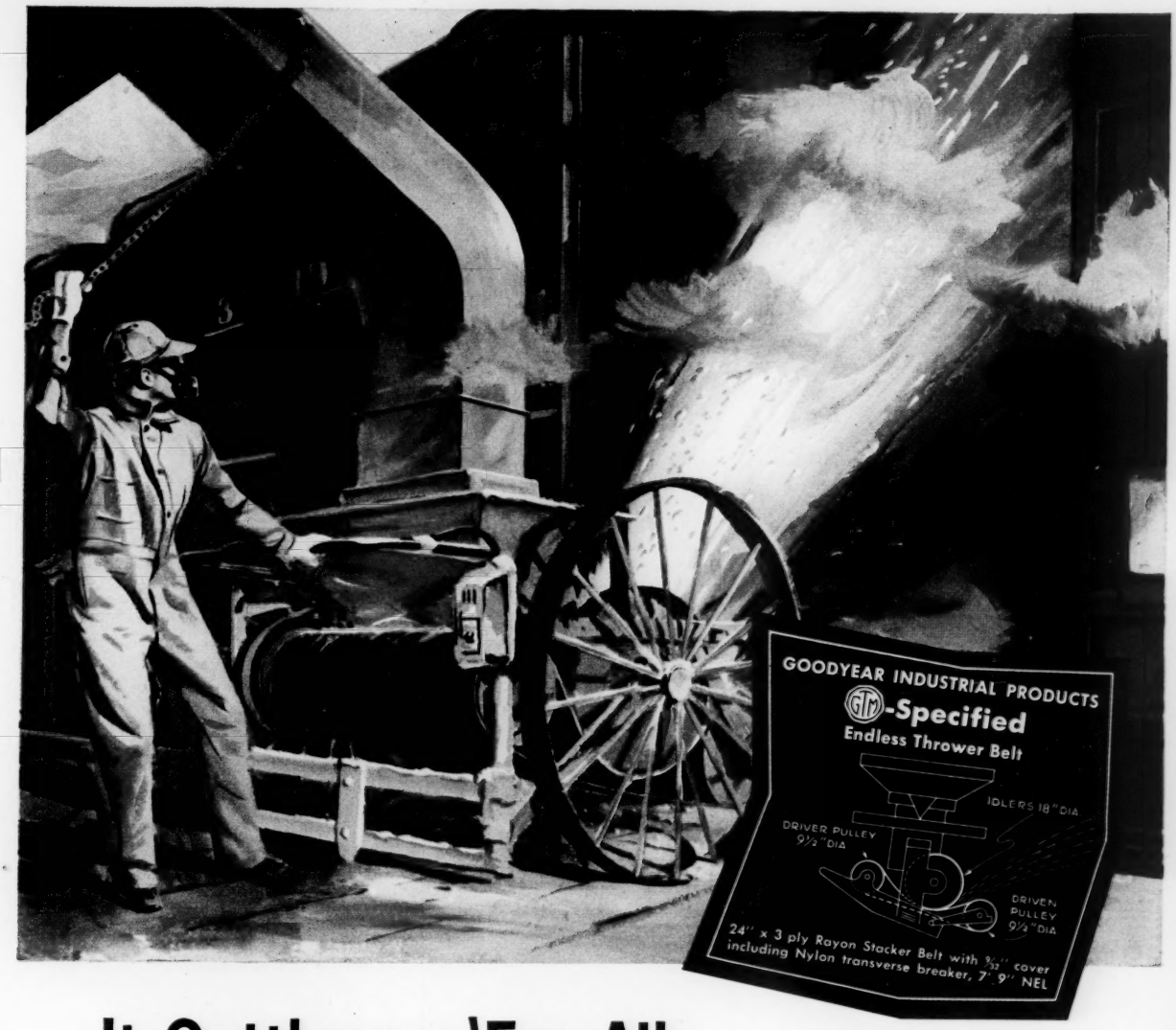
If the Nationalists control the air—and this would have to be with U. S. help—they can hit the amphibious-assault area before the attack gets started. They can hit junks on the water and troops on the beaches. They can halt the resupply of assault forces and make it possible to chop up the enemy at will.

Air control can well be the biggest psychological weapon in any struggle for the islands. The 60,000 troops on the Quemoys are among Chiang Kai-shek's best soldiers. They would not willingly surrender. But American commanders are acutely aware that the Nationalists might cave in if they thought they were being abandoned. Communist control of the air could underline that fear. On the other hand, the appearance of U. S. planes over the battlefield probably would do more than anything else to heighten Nationalist morale.

No one out here can predict exactly what will happen if the Communists hit the islands. This is the way Admiral Pride sums up the situation:

"There are so many imponderables in planning or predicting the outcome of any battle. Much depends on the ground rules. But no one ever starts a battle that he doesn't believe he will win.

"If we get the job, we'll be glad to do it."


GOODYEAR INDUSTRIAL PRODUCTS
G.T.M.-Specified
Endless Thrower Belt
IDLERS 18" DIA
DRIVER PULLEY 9½" DIA
DRIVEN PULLEY 9½" DIA
24" x 3 ply Rayon Stacker Belt with 3/32" cover including Nylon transverse breaker, 7' 9" NEL

It Outthrows 'Em All—*IN THE LIMESTONE LEAGUE!*

RUBBER-ARMED PITCHERS are much more common in industry than in the big leagues. They are a special kind of conveyor belt that travels at high speed and throws, not curve balls or sliders, but a variety of bulk materials from one point to another.

One such thrower, however, was a definite curve ball to its owners. It was used to bulk-load boxcars with hot, crushed limestone at the rate of 2500 tons per month. The trouble was no belt could stand up under the excessive dust, heat and abrasion for much more than *two months*. Finally they called in the G.T.M.—Goodyear Technical Man—who recommended a belt designed for the job.

The G.T.M.'s belt served up *27,500 tons* before retiring—threw *more than five times as much* limestone as previous belts. And it ran much truer—cut training and maintenance to the bone. How can the G.T.M. help you with your conveyor belt problem? You can contact him through your Goodyear Distributor or Goodyear, Industrial Products Div., Akron 16, Ohio.

GOODYEAR

THE GREATEST NAME IN RUBBER

Spectacular-from Take-off to Top Performance!

THE STAR CHIEF CUSTOM CATALINA

Once upon a time a man was heard to declare that, except for a difference in looks and size, cars were very much alike. He's a changed man today and here's why: *He took a ride behind Pontiac's fabulous all-new Strato-Streak V-8!*

He instantly learned, as you will, that *Pontiac* performance is spectacularly different—brilliantly better in every wonderful way. And there's a very solid reason for Pontiac's special performance thrills. We not only created an all-new engine, we surrounded it with an entirely new car!

We balanced the terrific drive of Strato-Streak V-8 power with bigger, fast-action brakes. We matched sensational Strato-Streak response and flexibility with ease of control that is next to automatic driving. And we duplicated the fabulous smoothness and silence of this mighty power plant in the quiet, cradled ride from an extra-long wheelbase and shock-proof chassis.

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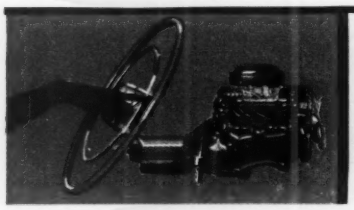
See your Pontiac dealer and discover how little it actually costs to change to modern motoring.

PONTIAC MOTOR DIVISION OF GENERAL MOTORS CORPORATION

SEE THE RED BUTTONS SHOW, FRIDAYS—NBC-TV



Add Pontiac power controls—Dual-Range Hydra-Matic Drive, Power Brakes and Power Steering—at moderate extra cost to Pontiac's Strato-Streak V-8 power, and you'll have a combination that won't be topped for handling ease and performance.

Pontiac

WITH THE SENSATIONAL STRATO-STREAK V-8

WHAT HIT THE STOCK MARKET

A Scare From Washington, Then Reassurance

The violent drop in stock prices last week came as a shock to many people.

What happened all of a sudden? Diagnosis of most experts: It was just a "technical correction," already overdue, but hastened by events in Washington.

What happens now? No easy answer to that. Latest figures do offer guide lines. This report sizes up factors in the market.

The Stock Market—Now and in the Past

	Prices*	Ratio of prices to earnings*	Brokers' loans (billions)	Shares traded monthly (millions)	Return on stocks*	Return on corporate bonds ‡
1929 high	381.2	19.1	8.5	100.1	3.34	4.80
1937 high	194.4	17.5	1.2	50.3	4.52	3.32
1946 high	212.5	20.8	0.4	30.4	3.21	2.51
1955 high	419.7	13.5†	1.8	60.8	4.5†	3.04
1955 low	391.4	12.6†	1.8	60.8	4.82†	3.04
Latest (March 16)	403.1	13.0†	1.8	60.8	4.68†	3.04

* Dow-Jones industrial average.
† Estimated 1955 earnings and dividends.
‡ Moody's AAA bonds.

Investors learned an old lesson over again during a hectic week—stock prices can go down as well as up.

In six trading days—March 7 through March 14—the average price of industrial stocks on the Dow-Jones list dropped 28.3 points, or 6.7 per cent. That was one of the sharpest market breaks on record for that period of time. Statisticians estimate that some 10 billion dollars' worth of "paper values" were squeezed out of the market in the decline. Then the market turned around and went up again, with the average rising nearly 12 points in two days.

To most of the experts, what happened is what is called a "technical correction" to a long-term rise in the prices of common stocks. Stocks had advanced almost steadily in price since September, 1953, and had been rising sharply since the congressional elections last November.

The break in the market started after the Senate Banking Committee, under Senator J. W. Fulbright (Dem.), of Arkansas, opened an investigation to "study" recent trends in stock prices. At about the same time, proposals were made in Congress to change the tax laws to favor low-income groups.

Then the Senate rejected the tax proposals, with prospects that the House would follow suit. President Eisenhower warned against any words or acts that might tend to upset public confidence in continuing the business expansion that now is going on. The market responded with a recovery.

Responsive market. These events indicate that the stock market is a very sensitive institution that responds quickly to any shifts in business sentiment or business prospects. As the table on next page shows, stock-market breaks have occurred often in the past, sometimes followed by a continuing decline, but just as frequently followed by a recovery.

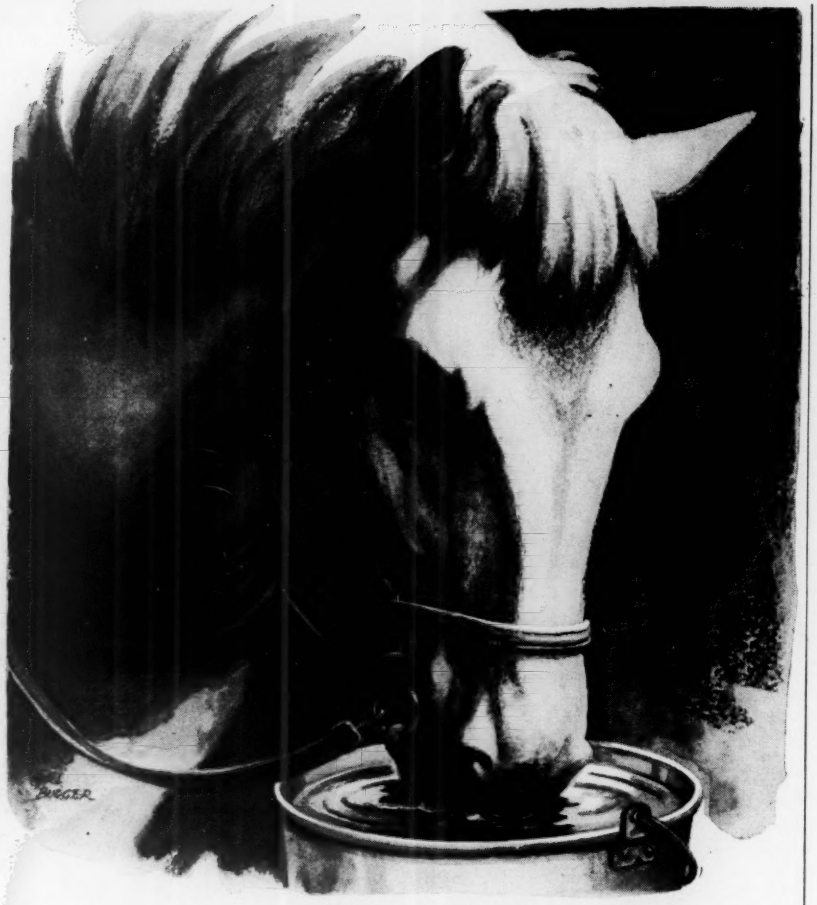
Stock prices, furthermore, usually decline after a prolonged rise in the market. And severe short-term declines usually are followed by rather sharp recoveries. That is the pattern that appeared to emerge just after the recent break. It is what market analysts and brokers call "normal corrections." After these so-called corrections, the trend in stock prices usually is determined by the level of interest rates, the relation of stock yields to bond yields, and the general outlook for earnings and dividends.

Basically, business now seems to be on solid footing. Indications are that business activity will continue to rise in months just ahead, with a moderate setback during the summer, followed by a rising trend later in the year. That is the prevailing opinion among witnesses before both the Fulbright group and the congressional Joint Committee on the Economic Report.

(Continued on page 36)

—USN&WR Photo

THE NEW YORK STOCK EXCHANGE
. . . had a hectic week



let's use some horse sense about water...

Once water was so plentiful we took its supply for granted. Today, we can't.

We Americans are consuming . . . and wasting . . . water at an alarming rate. Each of our 100 million people (served by public water supply systems) uses over 100 gallons daily. Industry, agriculture "drink" billions more gallons. Yet rainfall remains the same.

Water supply poses a problem every American must face.

For *your* part, use water wisely. Above all, support your forward-looking water officials. Encourage them to plan and build the new reservoirs and water facilities that will assure you, your family, and your business, an adequate supply for many years to come.

Man's most dependable carrier of water . . . Cast Iron Pipe

This cast iron water main laid in Lancaster, Pa. in 1835 still serves. Today, Modernized Cast Iron Pipe centrifugally cast is even tougher, stronger. Cast iron's proved record of long, trouble-free life saves your tax dollars. Cast Iron Pipe Research Association, Thos. F. Wolfe, Managing Director, 122 So. Michigan Ave., Chicago 3, Ill.

WATER, your priceless heritage . . . use it . . . enjoy it . . . protect it with

CAST IRON PIPE ® CAST IRON

[*continued*] **WHAT HIT THE STOCK MARKET**

Earnings of corporations, as a result, are expected to be higher this year than in 1954, and dividend payments show signs of increasing 8 per cent above last year. This trend suggests both to Government officials and to private analysts that neither the stock market, nor business, itself, is heading into a major recession.

Relation to other booms. Market appraisers regard as important the relation of stock prices to earnings. On this basis, they find that, even at the recent high, stocks, on the average, were priced below levels reached in other boom periods.

Past Market Breaks— And What Followed

	In a 6-day period, prices went DOWN ▼	*Then, in next 6 months, prices went*
1919, November	7.4%	DOWN 16.9%
1923, March	2.9%	DOWN 14.2%
1926, February	6.2%	UP 7.7%
1927, October	5.5%	UP 17.7%
1928, June	5.4%	UP 43.5%
1929, February	6.4%	UP 26.1%
1929, June	6.4%	DOWN 12.4%
1929, September	4.9%	DOWN 18.9%
1937, April	7.3%	DOWN 18.2%
1939, March	7.1%	UP 17.0%
1940, May	13.4%	UP 2.1%
1946, February	9.0%	UP 1.7%
1946, June	4.8%	DOWN 11.6%
1948, July	5.4%	DOWN 1.1%
1950, June	7.9%	UP 13.9%
1953, February	3.0%	DOWN 7.2%
1955, March	6.7%	? ?

On the basis of 1954 earnings, for example, the average price at the peak was 15 times earnings, and only 13.5 times earnings expected in 1955. The average price on the Dow-Jones list, after the dip and following rebound, put common stocks at 13 times indicated earnings for 1955. That compares with a ratio of 19.1 times earnings at the peak of the 1929 boom, 17.5 times earnings at the 1937 high and 20.8 times earnings at the 1946 peak.

These figures suggest to most observers, official and private, that, even at the recent peak, the value placed on common stocks was not as high as in other periods of confidence.

The experts who watch stocks closely point out further that the return from common stocks still is substantially higher, on the average, than the return from

bonds. That was true even before the break. Since the break, the margin between stocks and bonds has widened.

At recent prices, the average return on the Dow-Jones list from expected 1955 dividends is 4.68 per cent, compared with a yield of 3.04 per cent on high-grade corporate bonds. That spread of 1.64 percentage points is greater than in other years when investors, counting on high earnings and dividends, generated a bull market. At the top of the 1929 market, the return from stocks actually was lower than the yield from bonds, as the table on page 35 shows.

Most analysts, furthermore, expect interest rates to remain close to the present level. Officials of the Federal Reserve Board and the Treasury are expected to adopt credit policies that will favor a gently rising level of business activity. That means no significant increase in the prevailing rate of interest.

How much speculation? A major problem that interests the Fulbright Committee is the amount of speculation that is appearing in the stock market. A number of witnesses pointed out that speculative fever at present is far less evident than during other bull markets.

Loans to brokers for the purposes of buying stocks on credit amounted to 1.8 billion dollars in February. That represented 1.05 per cent of the market value of shares listed. In comparison with 1929 this amount appears to be small. In that year, brokers' loans soared to more than 8.5 billion and represented 9.82 per cent of market values. In 1937, when brokers' loans approached 1.2 billion, that sum amounted to 1.86 per cent of values—still a higher ratio than during the recent market boom.

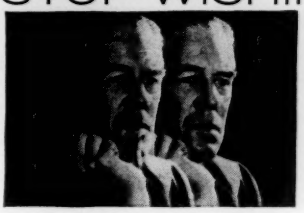
Speculation, nevertheless, has increased over the last year. The volume of brokers' loans, at 1.8 billions, was up 70 per cent from a year ago. In addition, customers owed their brokers more than 2.6 billions at the end of February, making an increase of more than 50 per cent in a year.

This increasing use of credit in the stock market prompted a few witnesses before the Fulbright Committee to urge the Government to take steps to tighten up. Suggestions were made that the Federal Reserve Board should raise margin requirements to 100 per cent, meaning that stock purchases should be put on a strictly cash basis. Board Chairman William McChesney Martin, Jr., replied, however, that a healthy economy needs some credit in the stock market, just as credit is needed in other business activities.

Actually, the Federal Reserve Board did raise margin requirements early this year—from 50 to 60 per cent. That was

(Continued on page 38)

STOP WISHING YOU WERE TWINS



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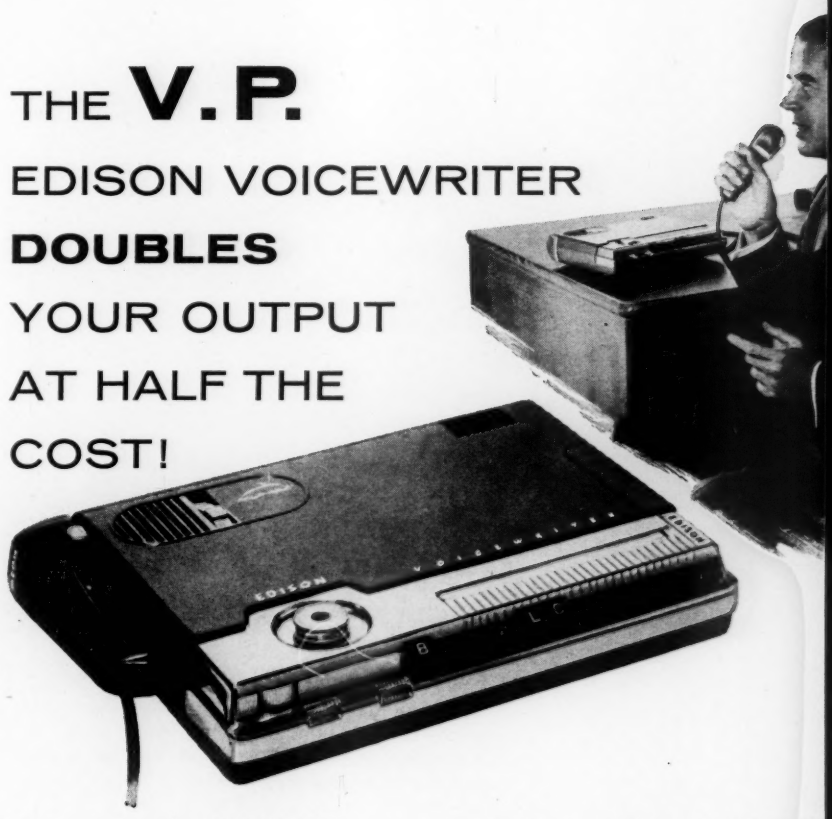

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[continued] **WHAT HIT THE STOCK MARKET**

generally interpreted as an official warning for market speculators to go slow.

More public interest. Trading in stocks also indicates increasing public interest in the market. Last October, before the recent upsurge in stock prices, 44.2 million shares listed on the New York Stock Exchange changed hands. In January, the volume rose to 74.7 million shares, dropping back to 60.8 million shares in February. In September of 1929, however, shares traded soared to 100.1 million—and at a time when the number listed was considerably smaller than today.

After the recent break, however, activity in the stock market subsided, at least temporarily. On one day, when a sharp decline was recorded, more than 4.2 million shares changed hands. Three days later, after a rebound from the low point, trading settled back to 2.2 million shares.

What really happened to stocks was not out of the ordinary. The table on page 36 shows what took place on a number of previous occasions when the market dropped in a six-day period. On six of these occasions, the decline was greater on a percentage basis than the recent dip. In two of those periods—March, 1939, and June, 1950—the dip turned out to be simply a setback in a generally rising trend. Twice—November, 1919, and April, 1937—stocks continued a downward trend. Two other times—May, 1940, and February, 1946—there was a mild recovery after six months, followed by another drop.

As many experts now read the signs, the recent dip, though encouraged perhaps by the Fulbright investigation, indicated chiefly a needed correction. One brokerage house, in its weekly letter, noted that such a correction was "overdue."

Danger softened. The possible danger of a continuing sharp rise thus appears to have been softened by recent market actions. The fact that trading has declined in volume also is taken as a sign that speculative enthusiasm may be dampened, at least for a while.

In other words, the price break is widely considered to have been helpful rather than harmful to the market. But the break also demonstrated that sharp price declines can occur in spite of the capital-gains tax and buying by institutions—two market factors that had been cited as promoting high and rising prices of stocks.

How company officials size up stocks of their own companies—page 122.

Nowadays, everyone helps to drive home a bargain

For several years now, America's urban cliff dwellers have been swarming to the greener pastures of the suburbs.

And, hard on their heels, city store after city store has picked up its marbles, its terra cotta, its goods and produce, and trundled right out after them. In fact, the car-crowded shopping center has become *the* marketing phenomenon of our time.

Keeping right in step with all this evolving, is an epochal change in people's *buying* habits, too. Just as families work together and play together as never before, they *shop* together—whole tribes at a clip. And every member, from smallest shaver to biggest wheel, has a committee vote in who buys what.

To see how big this "togetherness" has grown, just check any department store (urb or suburb). Or any auto dealer, grocer, drug store or hardware shop.

Or leaf through any issue of McCALL'S. Page by page, McCALL'S is edited to mirror the American family in its new "togetherness". And because of this, more and more manufacturers are marrying their budgets to McCALL'S—to get together with America's *growingest market.*

In April McCALL'S . . .

- *Easter in Jerusalem.* An inspiring special article about the Holy Week religious ceremonies in Jerusalem, illustrated with four pages of full-color photographs.
- *Where Does Your Money Go?* A McCall's report on how six Kentucky families with incomes of $6,500 a year spend their money. A tabulation of expenditures gives readers the opportunity to compare their own spending habits.
- *The Locked Room.* Part one of a three-part novel of suspense by Margaret Bell Houston.
- *The Fabulous Story of Anthony J. Drexel Biddle.* By his daughter Cordelia. The stranger-than-fiction life story of the Philadelphia socialite who became a hero in the U. S. Marines at the age of seventy.

McCall's —*edited for today's family* ***"togetherness"*** *in living . . . in planning . . . in buying*

The Story of Mrs. Eisenhower's Health

White House Duties Are Causing a Strain

Is Mamie Eisenhower's health becoming a factor in politics? Will it affect Ike's decision in 1956?

These questions, long lying in the background, are developing into matters of vigorous controversy between the two parties.

In the wake of the partisan disputes over Mamie's health, some answers are being given by close friends of the family.

The health of Mrs. Mamie Doud Eisenhower, much to the displeasure of the President, is becoming a topic of debate by the politicians of both parties.

It is no secret at the White House that Mrs. Eisenhower's health is a matter of consideration there. Five months ago, her mother, Mrs. John S. Doud, was quoted as telling friends in Denver: "Mamie can't stand another four years in the White House." She felt that the official duties put too much of a strain on her daughter.

The subject has lain in the background of discussions ever since. Then Paul Butler, Chairman of the Democratic National Committee, brought the matter into the open with the suggestion that the health of the First Lady might keep Mr. Eisenhower from running again. Republicans were quick with their denials and denunciation of Mr. Butler.

What people are asking. Over the country, these questions still are being asked: What is the real state of Mrs. Eisenhower's health? Does she actually have a serious heart ailment? Could she withstand the pressures of another term? The answers, given by close friends of the President and Mrs. Eisenhower, go like this:

Mrs. Eisenhower is not in the best of health. Although she entertains extensively and has held to a heavy social schedule for two years, she now has been told to trim down on some of her activities.

The White House physician keeps a watchful eye on her. She has a heart murmur that is attributed to an undiagnosed case of rheumatic fever suffered in adolescent years. In medical terms, she has a valvular lesion.

Mrs. Eisenhower finds that high altitudes make her short of breath. She has a fear of high places and sometimes complains of dizziness in going up or down steps. She sometimes tires quickly and requires long periods of rest.

The vital statistics for Mrs. Eisenhower: She is 58 years old. Her blood pressure, normal for a woman of that age, is 138 over 85. Her pulse rate is normal, ranging from 80 to 84. But she has to watch her weight, which ranges from 130 to 140. It was 138 when she was in Denver last summer, now is down to 130. This adds up to a slightly-below-normal health report.

Moreover, there are indications at the White House of increasing concern about Mrs. Eisenhower's health. How much social activity she may be able to endure, even for the next two years, is a question now being discussed.

Slowdown: not easy. Mrs. Eisenhower is being urged to trim down her activities, to see fewer of the delegations that always are clamoring for a visit to the White House. But she finds it hard to do this.

When the Eisenhowers entertain, Mrs. Eisenhower supervises most of the preparations. She inspects the plates, the table, the chairs to make certain that everything is in order. She checks and rechecks the seating lists, strives for perfection in her arrangements.

The day for the First Lady usually begins at 9 a.m. She often has a light breakfast in bed—grapefruit and coffee. Then she meets with the household staff, plans menus, flower arrangements, entertainment, goes into every detail of the household operation. The meeting may run from 10 minutes to an hour.

Next comes a conference with Mrs. Eisenhower's social secretary, Mrs. Mary Jane McCaffree. They spend from one to two hours a day answering letters, planning receptions, going over schedules and invitations. The mail runs to 200 or more letters a day, and scores of invitations arrive each week.

In an average day, Mrs. Eisenhower may go to a benefit luncheon, or receive some special group, then go shopping, or visit with friends. In the evening, if there is no social function, she will have a quiet dinner with the President, see a movie in the White House, watch television, or read. If close friends are entertained, she plays canasta with the women while the men play bridge.

Mrs. Eisenhower finds the social obligations of her White House role more and more wearing. It is not unusual for her to spend a large part of the morning in bed. Both her mother and her husband have been concerned at the drain upon her strength.

Top Republican politicians have felt all along that Mrs. Eisenhower might be the No. 1 deterrent to another race by her husband in 1956. They feared that she might wish to settle down on the Eisenhower's Pennsylvania farm after one term in the White House. But there were reports that she would leave the decision about running again entirely in the hands of her husband.

Illness of his wife might make the President harder to persuade, his friends say. This is why those who know the situation best are saying that Mrs. Eisenhower's health may hold the answer to 1956.

—USN&WR Photo

FOR PRESIDENT AND FIRST LADY . . .
. . . a heavy round of social engagements

Some concrete facts about cement

Banks play an important part in America's cement industry. Here's how

. . .

Even though it's been through approximately 80 manufacturing processes and met some of the toughest specifications in U. S. industry, the cement being smoothed over above costs less than a penny a pound at the mill!

Concrete Money

American cement making became an established industry in the late 1800s. As the industry grew, banks helped supply the money necessary to build America's new Stone Age. To this day the bankers help finance the quarrying of lime and procuring of many other raw materials required for cement manufacture. They supply funds for plant expansion and product development. On the retail side, bank loans frequently help hardware and building supply men . . . making it easy for you to buy cement by the sackful or carload.

Who Profits?

All of these loans add up to more than multimillion-dollar help to a vital industry. They illustrate clearly that a competitive banking system, free to put money to work wherever and whenever opportunity for profit exists, is the most potent ally private enterprise can have.

This is so because men and women work wherever money works, and the fruits of their labor are a wider choice of fine products for all to enjoy.

The Chase National Bank, a leader in loans to American industry, is proud of banking's contribution to the progress of our country.

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THINGS YALTA PAPERS REVEAL

Assurance U. S. Would Have A-Bomb . . . Plan to Split Up Germany . . . Stalin's Demands and How They Were Met

Revealing glimpses of history being made come to light with the Yalta papers.

Here, on the record, is the first hint at the birth of the atom bomb.

Here is the much-debated role of Alger Hiss.

Here is the price Stalin set for fighting Japan—and how he got all he asked.

Also revealed are intimate portraits of the men who made the historic decisions—of Roosevelt's easy confidence, of Churchill's forebodings, of Stalin's grim bargaining.

For the secrets not told in the Yalta papers, see page 48. Other reports and texts on the Big Three meeting begin on page 50.

You get a glimpse of some of the secrets that make history in the papers of the wartime Yalta Conference, now published.

You find Franklin D. Roosevelt in private meetings with Joseph Stalin, warning him against an absent Winston Churchill. You discover Alger Hiss sitting in on six of the eight top sessions of the Big Three with other high officials. You learn that Hiss, on instructions of the Secretary of State, was given all the State Department's material on matters to be discussed at Yalta two weeks before that meeting.

It is revealed, too, that the U. S. Joint Chiefs of Staff told the President that they wanted to get Soviet Russia into the war against Japan as soon as possible. You also get warnings to the President from the British Foreign Secretary not to pay too high a price for Russia's entry, already promised.

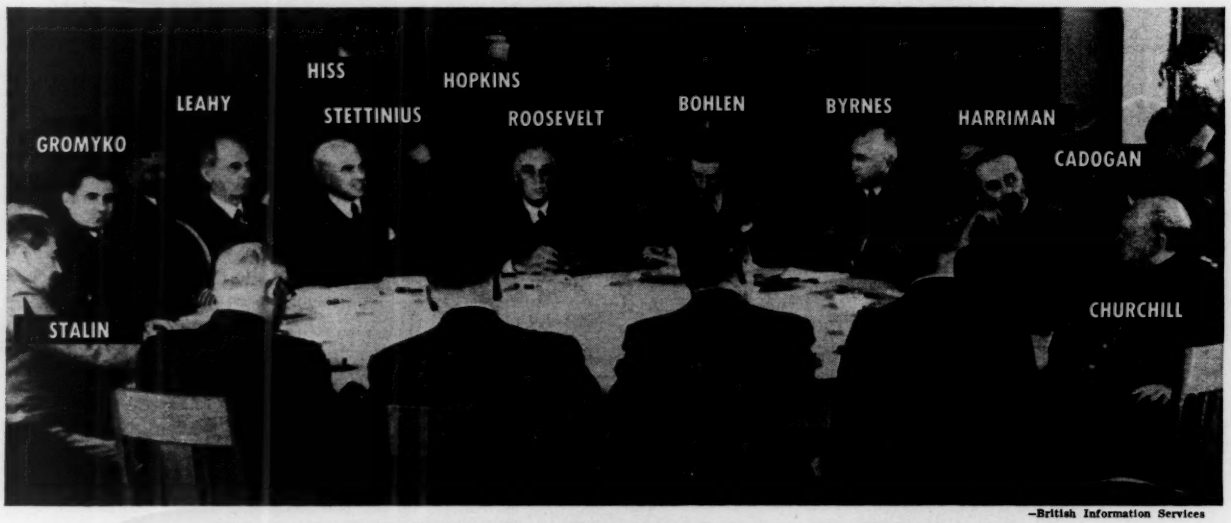
Here you learn that the War Department, more than a month before the Yalta Conference, advised the President that the U. S. should base its war plans on possession of the atom bomb. It was called a "gun type" bomb.

You discover that, in wartime conferences before Yalta, Soviet Russia was secretly asking the U. S. for a loan of 6 billion dollars. And you learn that the U. S. Treasury, where Harry Dexter White was giving advice, suggested boosting the loan to 10 billion dollars on terms that were better than those the Russians asked.

There is the story of how Mao Tse-tung, China's Communist leader, almost was invited to Washington as "co-leader" of China. You hear about a plan to partition Germany into five separate states and wipe out all vestige of that country's industry. There is the story of how Poland was split up, with U. S. approval.

You are told how Stalin flushed with anger for the first time when he was refused the big reparations he wanted from Germany. You get Mr. Roosevelt saying that it was "very embarrassing" to him to accept both the Ukraine and Belorussia as voting members of the United Nations when he knew they merely were provinces of Soviet Russia.

There has been much editing of the Yalta papers. About 90 per cent of the



—British Information Services

THE "MAIN CHARACTERS" OF YALTA ASSEMBLE AT THE CONFERENCE TABLE
Much of the business took place at more private meetings

total material originally gathered has been published. Yet, in these 834 pages, there is a backstage glimpse of one of the most important political meetings in the history of the modern world.

The story is told in a host of official documents and in papers of the participants. No one man was present at all the meetings held at Yalta. And no reports at all are available on many of the meetings between Mr. Roosevelt and Mr. Churchill.

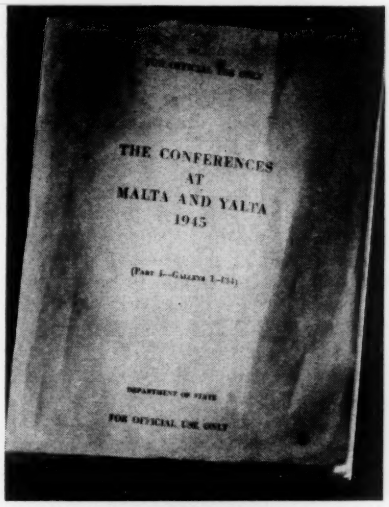
The most complete story is told by Charles E. Bohlen, now U. S. Ambassador to Moscow. He acted as interpreter when Mr. Roosevelt met with Stalin.

Here, subject by subject, are the history-making incidents that took place before, during and after the Conference, told by the papers themselves.

Russia in the Pacific. A major aim of the U. S. at Yalta was to get Soviet Russia to declare war on Japan and start fighting promptly. This aim was laid down in a memorandum to President Roosevelt from the U. S. Joint Chiefs of Staff. Here is what the Joint Chiefs wanted, as signed by General of the Army George C. Marshall on Jan. 23, 1945:

"Russia's entry at as early a date as possible consistent with her ability to engage in offensive operations is necessary to provide maximum assistance to our Pacific operations. The U. S. will provide maximum support possible without interfering with our main effort against Japan.

"The objective of Russia's military effort against Japan in the Far East should be the defeat of the Japanese forces in Manchuria, air operations against Japan proper in collaboration with U. S. air forces based in Eastern Siberia, and maximum interference with Japanese sea traffic between Japan and the mainland of Asia."



WHAT WAS REVEALED . . .
. . . 834 pages' worth

There was debate at the time as to whether actual invasion of Japan with troops would be necessary. The Joint Chiefs did not entirely agree on the need for Russia's entry into the war. Fleet Admiral William D. Leahy, then Chief of Staff to President Roosevelt, was among those who did not believe an invasion of Japan would be needed.

More than three months before the Joint Chiefs' memorandum to the President, however, Ambassador W. Averell Harriman in Moscow had sent the President a top-secret message via Navy channels:

"As to the Far East I am a little concerned that the Prime Minister's talks with Stalin may minimize the importance of the conferences that have been agreed to between General Deane [Maj. Gen. John R. Deane, Commanding General, U. S. Military Mission to the Soviet Union] and the Red Army Staff.

"We now have a full agreement from Stalin not only to participate in the Pacific war, but to enter the war with full effort . . . ."

Nearly two months after this message, but more than a month before Yalta, the President sent Mr. Harriman to find out what "political questions" Stalin had indicated should be "clarified" in connection with Russia's entry into the war with Japan. Mr. Harriman reported that, when he asked the Soviet dictator this question:

"[Stalin] went to the next room and brought out a map. He said that the Kurile Islands and the lower Sakhalin should be returned to Russia. He explained that the Japanese now controlled the approaches to Vladivostok . . . He drew a line around the southern part of the Liaotung Peninsula including Port Arthur and Dairen saying that the Russians wished again to lease these ports and the surrounding area."

Mr. Harriman reported Stalin said he also wanted control of Manchuria's rail lines and the recognition of Soviet Russian control of Outer Mongolia.

Secret documents from the Yalta papers tell the rest. Britain's Foreign Secretary Anthony Eden, at a meeting in Malta, passed along to the President, through U. S. Secretary of State Edward R. Stettinius, Jr., this advice on the way to meet the Russians at Yalta:

"Mr. Eden continued that the Rus-

—U. S. Army

TOAST AT YALTA: STETTINIUS, STALIN, ROOSEVELT, CHURCHILL, MOLOTOV
Between the friendly sessions, some heated discussions

[continued]

THINGS YALTA PAPERS REVEAL

sians would be wanting a good many things, that we had not very much to offer them, but that we required a good deal from them. He felt, therefore, that we ought to arrange to put together all the things we wanted against what we had to give.

"This would apply to the Far East also. In his view if the Russians decided to enter the war against Japan they would take the decision because they considered it in their interests that the Japanese war should not be successfully finished by the U. S. and Great Britain alone.

"There was therefore no need for us to offer a high price for their participation, and if we were prepared to agree to their territorial demands in the Far East we should see to it that we obtained a good return in respect of the points on which we required concessions from them."

Stalin's announced price, however, was paid.

The A-bomb. A month before the Yalta Conference, on Dec. 30, 1944, Maj. Gen. Leslie R. Groves, chief of the Manhattan District project, sent a top-secret message to the Chief of Staff, General Marshall. A copy went to the President who, it was noted, "approved it." It was labeled: "Atomic Fission Bombs."

"It is now reasonably certain that our operation plans should be based on the gun-type bomb which, it is estimated, will produce the equivalent of a ten thousand ton TNT explosion.

"The first bomb, without previous full-scale test which we do not believe will be necessary, should be ready about 1 August, 1945."

Other sources cited in the Yalta papers indicate that the top U. S. leaders, including the President, were aware when they met at Yalta and sought the Soviet Union's entry into the war against Japan that the U. S. soon would have a bomb which could "wreck a large city."

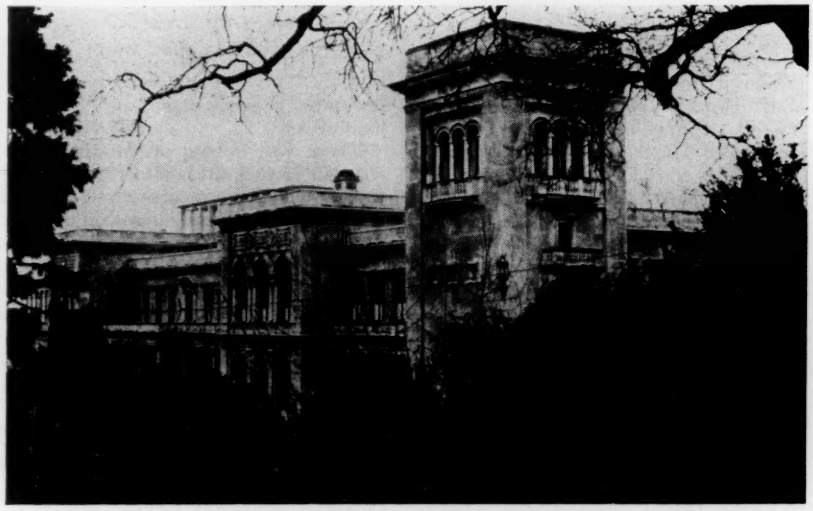
The Hiss role. The part played at Yalta and before the Conference by Alger Hiss, who went to prison for perjury after the war, is not highlighted in the documents. But Hiss does emerge as the recorder of what happened at various Big Three meetings.

At this time, Mr. Hiss was Deputy Director, Office of Special Political Affairs, Department of State. In this post he was held responsible for much of the work of organizing the Yalta Conference.

Among the Yalta papers now made public, there is this memorandum sent to Assistant Secretary of State Nelson A. Rockefeller by the executive secretary of the staff of Secretary of State Stettinius:

"At the Secretary's Staff Committee meeting of January 10 [1945] the Secretary [Mr. Stettinius] asked that all memoranda for the President on topics to be discussed at the Meeting of the Big Three [at Yalta] should be in the hands of Mr. Alger Hiss not later than Monday, January 15. These memoranda should go to Mr. Hiss through Mr. Yost [Charles W. Yost, executive secretary of the Staff Committee]."

Thus, two weeks before the Yalta Conference began, Mr. Hiss was under orders to gather all the material which the State Department had to give President Roosevelt for his top-secret negotiations with Stalin.



LIVADIA PALACE, WHERE BIG 3 MET
. . . to make deals that changed the world

At least one diplomat overseas at this period—Maj. Gen. Patrick J. Hurley, U. S. Ambassador to China—in a report to President Roosevelt mentioned the leaks that "have been and are occurring" in the State Department. Such leaks, he said, were the reason why he was reporting to the President.

What General Hurley had to report at this time included a suggestion that both Chiang Kai-shek and the Communist leader, Mao Tse-tung, be asked to meet President Roosevelt as an inducement to them to get together on uniting China.

Partition for Poland. Both Roosevelt and Churchill went to great lengths to seek some concessions from Stalin on Poland. At one point in the Yalta Conference, Roosevelt sent Stalin a private and personal letter designed to break the deadlock over Poland. He concluded:

"I hope I do not have to assure you that the United States will never lend its support in any way to any provisional government in Poland that would be inimical to your interests."

But it is revealed that the Russians thought both Mr. Churchill and Mr. Roosevelt had accepted the Curzon Line as Poland's eastern boundary at the Teheran Conference of the Big Three in December, 1943. Mr. Harriman, then Ambassador to Moscow, cabled Mr. Roosevelt as follows in October, 1944, three months before the Yalta Conference:

"Molotov interjected that the Curzon Line had the support of the three major allies since at Teheran you had indicated that you considered that the Curzon Line was right although you did not consider it advisable to make your position public. He added that he recalled no objection on your part to the Polish claims in the West as outlined."

At Yalta, the U. S. President and the British Prime Minister did not succeed in changing Stalin's mind. But they both begged Stalin to consider a "democratic" regime for Poland, and to this Stalin agreed. Both had their doubts about the kind of "election" Stalin had in mind for Poland.

Only the Hiss report of what happened at the final Big Three meeting at Yalta is given in the papers released. On the Polish question, Hiss reports this

final exchange between Churchill and Stalin, in his abbreviated notes:

"Church: wants to say dec. [declaration] re Pol [Poland] will be very heavily attacked in Eng. It will be said we have yielded completely on the frontiers and the whole matter to R [Russia].

"St. [Stalin]: Is it in earnest? I doubt it.

° ° °

"Church: I hope you're right. We're not going back on it. It's not a q [question] of nos. [numbers] of Poles, but of the cause for which Brit. [Britain] drew the sword. Will say you have completely swept away the only const. govt. of Pol. [constitutional Government of Poland]. However I will defend it to the best of my ability."

That closed the Yalta chapter on Poland, now a Communist satellite ruled by a former marshal of the Soviet Army.

Billions for Soviets. A U. S. loan of 6 billion dollars to Russia, the Yalta papers reveal, was discussed backstage in the Roosevelt Government for nearly a year before the Yalta Conference. It is not clear who initiated the idea, but both Treasury Secretary Morgenthau and Ambassador Harriman favored it. A top Morgenthau aide in the Russian loan talks was Harry Dexter White, later investigated on security charges.

A telegram from Harriman to Stettinius early in January reports that Soviet Foreign Minister V. M. Molotov handed the American Ambassador a note suggesting the kind of loan that interested Russia. It was to be a 6-billion-dollar credit to be repaid in 30 years at annual interest of 2¼ per cent. The Molotov note was so detailed that Harriman was surprised. But the Russians, he reminded Washington, were ignorant "of normal business procedures."

Within four days after receipt of this telegram from Harriman, Secretary Morgenthau sent President Roosevelt a memorandum proposing a 10-billion-dollar reconstruction credit for Russia at only 2 per cent over 35 years.

The Morgenthau proposal was shelved "because of legislative restrictions" which had to be lifted by Congress and because the offer seemed ill-timed. Harriman agreed. The whole idea of a U. S. loan to Russia finally was abandoned.

Punishing Germany. The Treasury Department also had proposals for the treatment of Germany at the war's end, which Mr. Morgenthau promoted with enthusiasm. The Yalta papers reveal that the State Department, too, supported these proposals at one stage. A top-secret memorandum to the President from Mr. Stettinius in November reports:

"The Department of State believes . . . that Allied occupation policy should be

(Continued on page 46)

Think you could navigate a transatlantic airliner?

With your investments, too, you need a competent pilot at the controls. The bewildering maze of financial and commercial "signals"... the constant concern about loss, or the desire for increased income... often make investors wish for safer, surer hands to guide their portfolios.

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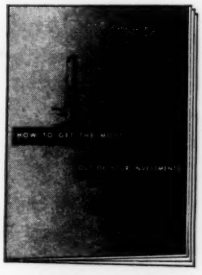
Surprisingly enough, this service is available at a modest annual cost ranging upward from $300 (and is usually tax deductible).



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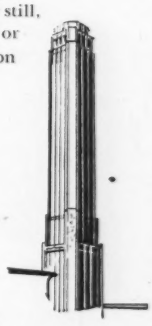

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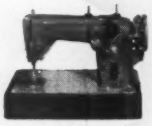

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[*continued*]

THINGS YALTA PAPERS REVEAL

severe . . . [It should include] a rock-bottom standard of living for the Germans [and] labor services for the rehabilitation of devastated parts of Europe."

But the Yalta papers also show that the President vetoed these suggestions and stated that "we should let [Germany] come back industrially to meet her own needs . . ." and "we are against reparations."

U. S. and British opposition to reparations at Yalta brought a long and bitter battle with Soviet Russia. Stalin made it plain that he expected both Churchill and Roosevelt to help squeeze 10 billion dollars' worth of reparations out of Germany for Russia.

H. Freeman Matthews, a State Department official who took notes at the Yalta meetings, reported at one session:

"There followed a lengthy and at times somewhat heated discussion between Marshal Stalin and Churchill on the question of reparations. This was the only time during the conference that Stalin showed some annoyance. He obviously felt suspicious of the British opposing Russian reparations as part of a program to build up a strong Germany."

Votes for Russia. At the 1943 Teheran Conference the Russians had demanded 19 votes in the United Nations—one for each of the states in the Soviet Union. At Yalta, Stalin trimmed this asking price. He offered to settle for three votes. He asked Roosevelt and Churchill to agree to accept Belorussia and the Ukraine—both parts of the Soviet Union—as free and independent members of the United Nations. This they finally agreed to do.

Two documents in this connection show the confusion which apparently upset the Americans on just what had been done at Yalta.

President Roosevelt, after Yalta and just before the San Francisco conference at which the United Nations Charter was to be drafted, asked Stalin in a diplomatic exchange about a "misunderstanding." He said the Ukraine and Belorussia were not to send delegations to San Francisco, but were to be "initial members" of the organization. Stalin had notified Washington that 30 Belorussian and Ukrainian delegates were on their way.

Notes taken by Hiss on the last meeting of the Big Three at Yalta and now published are as follows on this point:

"Molotov: It has also been resolved to recommend to the Conference to invite Uk. and Wh. [Ukraine and White Russia] as orig. [original] members.

"Pres. [Roosevelt]: Very embarrassing to me.

"Churchill: If brought out pub [publicly] now without any explanation of U. S. position will cause trouble . . . But we put it all down in the conclusions.

"St. [Stalin]: Withdrew it. But in."

No other detailed record of this particular exchange is included in the Yalta papers. But Belorussia and the Ukraine, in any event, now are full members of the United Nations. Their delegates act in all ways as minor members of the Soviet delegation.

Roosevelt-Stalin meetings. On at least two occasions at Yalta, the documents reveal, Mr. Roosevelt and Mr. Stalin met privately, without Mr. Churchill.

At the first of these meetings, Mr. Roosevelt, according to Mr. Bohlen's notes, told Stalin that Gen. Charles de Gaulle, Premier of the Provisional French Government, who had just visited Moscow, had "compared himself to Joan of Arc as the spiritual leader of France and with Clemenceau as the political leader."

After a brief conversation about what De Gaulle had said, Bohlen records this item:

"The President said he would now tell the Marshal something indiscreet, since he did not wish to say it in front of Prime Minister Churchill, namely that the British for two years have had the idea of artificially building up France into a strong power which would have 200,000 troops on the eastern border of France to hold the line for the period required to assemble a strong British army. He said the British were a peculiar people and wished to have their cake and eat it too."

At the second meeting with Stalin, Mr. Bohlen reported, the President said that "one of the difficulties in speaking to the Chinese was that anything said to them was known to the whole world in 24 hours."

The President also said that the U. S. was "trying to keep China alive." Stalin "expressed the opinion that China would remain alive" and asked why some of the "good people" in Chiang's Kuomintang Party were not brought forward. Mr. Roosevelt said there was more progress in bringing the Communists in the North together with Chiang's Government. Mr. Bohlen's notes added that the President "said the fault lay more with the Kuomintang and the Chungking Government than with the so-called Communists."

For a report on the secrets not told in the Yalta papers, see page 48; for the views of President Roosevelt's Chief of Staff, see page 53; records of the Conference made by Charles E. Bohlen, the U. S. interpreter, start on page 54.

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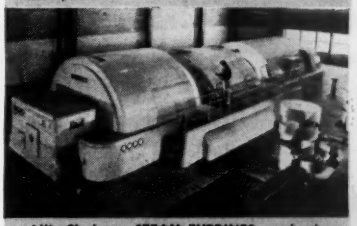

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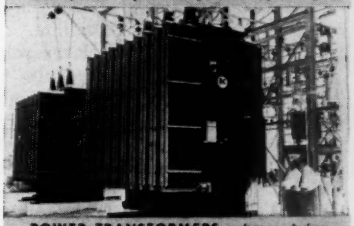
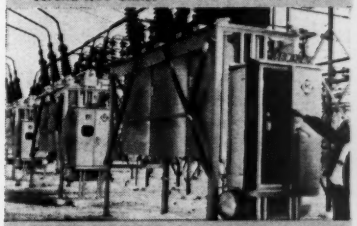


POWER TRANSFORMERS, above, bring power to Miami substations. Allis-Chalmers leads the industry in development of corona-free units.



CIRCUIT BREAKERS, above, installed at the modern Cutler plant, control electric power and provide system protection to prevent interruptions in service.

YALTA PAPERS DON'T TELL ALL

Still Many Secrets of Wartime Conferences

Full story of World War II diplomacy remains untold, even after publication of the Yalta papers.

Those papers are found to be incomplete — some documents censored, many missing.

Then, too, there were other wartime conferences with Stalin —at Teheran, Cairo, Potsdam. The secrets of these events are still to be made public.

The Yalta papers, now made public, tell much of what went on at this wartime conference—but not all.

Significant papers have been deleted, censored.

About 10 per cent of the record's original content was eliminated before it was printed. Cuts largely were made on a policy basis, to protect individuals and groups. The result makes it difficult to trace motives for some decisions that greatly favored the Soviets.

The full story behind the big concessions granted Marshal Joseph Stalin to bring the Soviet Union into the war against Japan, for example, is not told.

Nor do the papers released tell the complete story of the negotiations that partitioned Poland and turned it into a Soviet satellite.

The real importance of the role that Alger Hiss played at Yalta is partially hidden by what is left out of the published record.

Slighting remarks by President Franklin D. Roosevelt about Jews and Poles, and by Prime Minister Sir Winston Churchill about the French have been omitted.

Conflicting statements about General of the Army George C. Marshall's part in the Far Eastern concessions were trimmed out.

One result: a blockade. A conflict between the Army and Navy about the need of buying Russia's participation in the war is concealed. In all, some 28 pages of military papers were censored out, including some bearing on the failure to obtain a guarantee of a Western land corridor to occupied Berlin. This failure made possible the Berlin blockade of 1948-49.

Besides these deletions, there are other big gaps in the record. Many papers which might shed light on the proceedings were never obtained. Access was denied by the people who hold them.

The shorthand notes taken at Yalta by James F. Byrnes were never turned over to the State Department. Neither were the complete papers of W. Averell Harriman, then Ambassador to Moscow, who handled negotiations aimed to bring the U.S.S.R. into the war against Japan.

Missing also from the compilation are most of the private papers of the late Edward R. Stettinius, who played a major role at Yalta as Secretary of State.

One instance of censorship that is causing complaints by officials familiar with the full record concerns the Yalta role of Alger Hiss.

Mr. Hiss, who recently completed a prison term for perjury in denying that he handed secrets to a courier for a Communist spy ring, was at Yalta as Deputy Director of the Office of Special Political Affairs in the State Department. He took copious notes of the proceedings, exchanged penciled comments and suggestions with other participants.

Hiss's part played down. Some of Mr. Hiss's notes appear in the published papers. But some have been deleted. The effect of the deletions is described as diminishing the importance of the role that Mr. Hiss played.

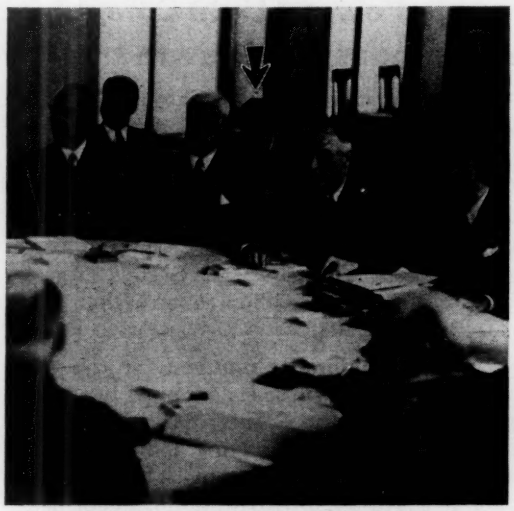
Mr. Stettinius, in his own account of Yalta, said: "My usual daily schedule, for instance, was to confer with [H. Freeman] Matthews, [Charles E.] Bohlen, and Hiss just after I got up in the morning," and "after these dinners [in the evening] I usually conferred again with Matthews, Bohlen, Hiss."

Mr. Hiss, himself, when asked by congressional investigators if he participated in drafting parts of the Yalta Agreement, replied: "I think it is accurate and not an immodest statement to say that I did, to some extent, yes."

The big question so often asked by critics of Yalta has been this: Why was Marshal Stalin given all those territorial concessions in the Far East that have contributed so greatly to the postwar rise of Communism?

To this question, critics now say, the published Yalta papers do not provide a complete answer.

In the papers permitted to be published, the U. S. Joint Chiefs of Staff are pictured as unanimous in insisting that the Soviets had to be brought into the Pacific War in order to insure Japan's defeat. This is the explanation given by Yalta's defenders—that the concessions were considered necessary to obtain a Soviet declaration of war against Japan.



ALGER HISS (arrow) at Yalta. Other Americans, left to right: Admiral Leahy, Mr. Matthews, Mr. Stettinius, Mr. Hopkins (bending over), Mr. Roosevelt, Mr. Bohlen

What the published papers do not show, however, is the sharp division between American military leaders on the question of whether Soviet military aid was really necessary. Papers are reliably reported to exist that show the Navy as contending that Japan could be conquered without help from Soviet forces. These papers do not appear in the published record.

A naval opinion. Fleet Admiral William D. Leahy, President Roosevelt's Chief of Staff, reveals the Navy's attitude in an article in the current "Wisconsin Magazine of History," quarterly published by the State Historical Society of Wisconsin.

"It was my thought at that time," Admiral Leahy writes, "that an invasion of Japan by our troops was not necessary, but our Army high

(Continued on page 50)

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[continued]

YALTA PAPERS DON'T TELL ALL

command in the Orient had advised the President to be ready to do so if it should become necessary."

Even as the Yalta agreements were being made, Admiral Leahy foresaw: "One result of enforcing the peace terms accepted at this conference, if it should be accomplished, would be to make Russia the dominant power in Europe, which in itself carried a certainty of future international disagreements, and prospects of another war."

Among the 28 pages of military papers deleted, there were also some that might explain how the United States and other Western Powers came up with no written guarantee of a land corridor through the Soviet Zone of Germany to Berlin, when it was put under four-power occupation after the war.

The donation of the Kurile Islands to Russia, made at Yalta, has been revealed by postwar developments as costly to American interests in the Pacific. Omitted from the published Yalta papers are documents reported to contain contradictory statements about General Marshall's part in the Kuriles agreement. Mr. Harriman is quoted as saying that the agreement was cleared in advance with General Marshall and other high officers, while a missing document is described as quoting General Marshall to the effect that he had nothing to do with it.

Canceled comments. Deleted as "not pertinent history" was a remark made about Jews by President Roosevelt at a plenary session of the Yalta conference on February 10. The remark came during a discussion of possible concessions to the late King Ibn Saud to secure a desired action from Saudi Arabia. According to the record, which has been deleted: "The President replied that there was only one concession he thought he might offer and that was to give him [Ibn Saud] the six million Jews in the United States."

Other Roosevelt remarks carefully culled before printing concerned Poles. The published record shows the President holding out for assurances of a democratic election in postwar Poland and trying to limit the amount of Polish territory to be awarded Russia. In unpublished records the President is described as explaining that he must pacify the large number of Americans of Polish descent, and as acceding privately to the Soviet terms concerning Poland that he opposed on the record.

A remark by Sir Winston that "I do not care much about Poles myself" was left in the record, but two remarks that the Prime Minister made about France were censored.

Another missing sidelight is a recommendation that Mrs. Roosevelt's protege, Joseph P. Lash, be made an alternate U. S. delegate to the United Nations preparatory meeting at San Francisco in the spring of 1945.

Pearl Harbor to Potsdam. With the Yalta papers now out—with as complete an official record as the public may ever get—interest in Congress now turns to the records of other wartime conferences, at Teheran, Cairo and Potsdam, and to the records of U. S. Far Eastern diplomacy in the years leading up to Japan's attack on Pearl Harbor.

Two years ago, under prodding by Republican Senators, quick publication was promised by the State Department of all these papers—some within a year. The Yalta papers were the first to emerge.

The State Department now says: "The Potsdam papers are in galleys and can be completed, published or otherwise, this fiscal year [before June 30] if some clearance problems can be solved. The Cairo-Teheran papers are largely compiled, except for a considerable number of military papers for which we are awaiting clearance. The time required for these clearances—Defense Department and then British—will probably make it impossible to get these out before the end of this fiscal year, but such publication or other action should be completed early in next fiscal year."

Far Eastern papers covering the Pearl Harbor year of 1941 are now not scheduled for publication until 1956.

Until all these papers appear, the full story of secret wartime diplomacy remains untold.

Excerpts from Admiral Leahy's account of Yalta talks—page 53.

—British Information Service

YALTA'S BIG THREE: PRIME MINISTER CHURCHILL, PRESIDENT ROOSEVELT, PREMIER STALIN
Much of what they said may never be revealed

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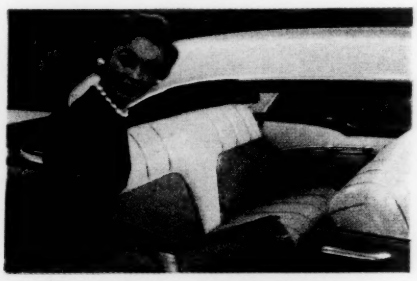

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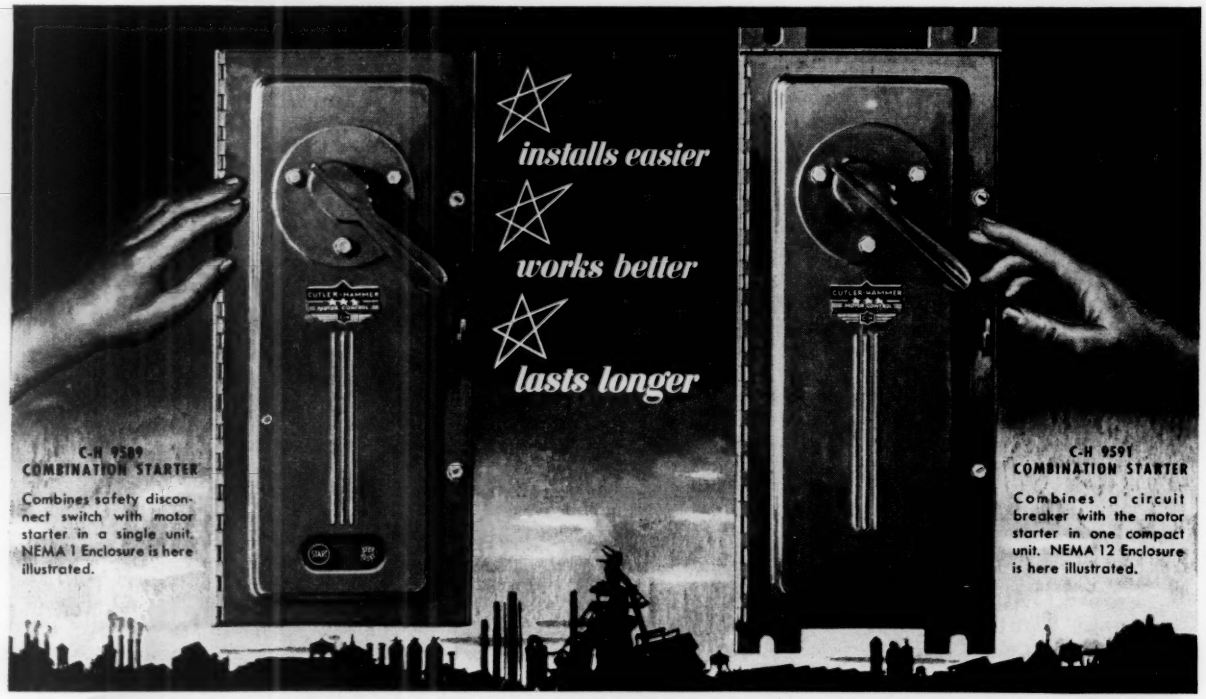
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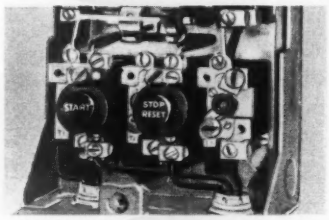

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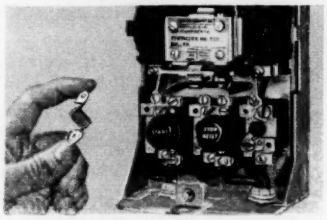

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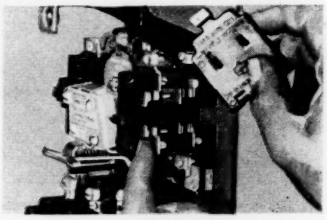

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DID U.S. NEED REDS TO FIGHT JAPAN?

Official Yalta papers give an impression that U. S. military leaders agreed Russia must be lured into the Pacific war.

Fleet Admiral William D. Leahy, Chief of Staff to President Roosevelt, indicates this was not so. He felt that no invasion of Japan would be necessary.

In an article, reprinted here in part, Admiral Leahy also expresses other misgivings about agreements reached at Yalta.

Following are excerpts from an article by Fleet Admiral William D. Leahy, reprinted, with permission, from the current issue of "Wisconsin Magazine of History," published by the State Historical Society of Wisconsin:

On February 8, upon the request of the American Staff, President Roosevelt and Marshal Stalin, in the presence of Molotov and Harriman, with Bohlen and Pavlov as interpreters, talked about the Japanese war, at which time Roosevelt said that with the recent fall of Manila the Pacific war was entering a new phase in which he hoped to establish bases in the Bonin Islands and near Formosa, to make plans for the additional bombing of Japan.

He hoped that it would not be necessary to invade Japan, where there were about 4 million men under arms, but he hoped to force them to surrender by intensive bombing and blockade.

It was my thought at that time that an invasion of Japan by our troops was not necessary, but our Army high command in the Orient had advised the President to be ready to do so if it should become necessary.

° ° °

On February 8 I had discussions with Ambassador Harriman and with President Roosevelt on Marshal Stalin's attitude toward entering the war against Japan. From these talks I learned that:

1. Stalin told Roosevelt the Soviets would assist us in the war against Japan within two or three months after the collapse of Germany.
2. That Stalin desired no reparations from Japan.
3. That he would support the Government of Chiang Kai-shek against the Japanese.
4. That he wished to obtain, if possible, for the Soviets at the end of the war those things of value that Japan had taken from Russia as follows:
   a. A long-time lease of Port Arthur;
   b. All of Sakhalin and the Kurile Islands to be returned to the Soviets;
   c. Dairen to be a free port;
   d. Autonomy of Outer Mongolia to be preserved;
   e. Lease of Chinese railroads in Manchuria to be returned same as prior to war;
   f. Fate of Indo-China to be open to discussion;
   g. Siam eventually to become independent;
   h. American material to be provided for Soviet war effort against Japan;
   i. Lines of supply from the United States to be kept open;
   j. American airplanes may be used from Kamchatka and Eastern Siberia.

These expressed desires of Marshal Stalin generally seemed reasonable to the Americans that spoke to me about them and this met with no objections from either Churchill or Roosevelt, but no publicity could be given to it because the Soviets were not then at war with Japan.

° ° °

At the conclusion of this momentous conference of the three nations that expected to administer in the near future a total defeat to Germany, I was deeply impressed by the unanimous and amicable agreement of the President, the Prime Minister of Great Britain and Marshal Stalin of Russia on the action that should be taken to destroy Germany as a military power.

These three men, who together controlled the most powerful military force ever assembled, sitting about a round table in the Crimea with their military and political staffs, agreed to completely destroy the present German government, to disarm and dismember Germany, to destroy its industry that is capable of manufacturing war material, to transfer territory from Germany to Poland that will necessitate the deportation of the survivors of between 7 and 10 million inhabitants thereof, and to exact reparations in kind and in forced labor that will practically reduce the present highly industrialized Germany to the status of two or more agricultural states.

While the German nation in this barbarous war of conquest deserves all the punishment that can be administered, the proposed peace seemed to me a frightening "sowing of dragon's teeth" that carries germs of an appalling war of revenge at some time in the distant future.

I did not know of any other way to punish this nation of highly intelligent, highly reproductive and basically military minded people for their war crimes, but the prospect of their reaction in desperation at some time in the more or less distant future was frightening.

One result of enforcing the peace terms accepted at this conference, if it should be accomplished, would be to make Russia the dominant power in Europe, which in itself carried a certainty of future international disagreements, and prospects of another war.

° ° °

Subsequent to the President's return from Yalta much publicity was given by the press and by political opposition to charges that special advantages were conceded at Yalta to the Soviet and British governments without adequate return to the American cause.

This was not apparent to any members of the American Conference.

° ° °

Soviet action in subsequently violating agreements that were formally approved could not have been anticipated at Yalta by anybody.

It occurred to none of us there that anybody was "being sold down the river."

Roosevelt, Stalin, Churchill:

WHAT THE BIG 3 REALLY SAID AT THE YALTA CONFERENCE

Principal Sections of the Papers of Charles Bohlen

This is the Yalta story, in the words of those who were there—

President Roosevelt's log of his trip to the Crimea sets the stage.

What really went on at the historic Big Three meetings is told by Charles E. Bohlen, now U. S. Ambassador to the Soviet Union.

Mr. Bohlen was assistant to the U. S. Secretary of State at Yalta. He took part in the secret sessions of the Big Three. He attended the banquets. He recorded the toasts.

As President Roosevelt's interpreter, Mr. Bohlen was one man who knew every word Joseph Stalin said.

Out of hundreds of thousands of words in the "Yalta Papers" come these passages from Mr. Bohlen's record, most complete single report on events that reshaped the world.

Following is text of a summary of the activities of President Roosevelt at Yalta and principal sections of the papers of Charles E. Bohlen as they appear in the book, "The Conferences at Malta and Yalta 1945," released by the U. S. State Department on March 16, 1955, in the form of "uncorrected galley proofs":

THE PRESIDENT'S LOG AT YALTA

White House Files

Log of the Trip

Saturday, February 3rd:

° ° °

1210: The President's plane (No. 1), escorted by five fighters, arrived at Saki [in the Crimea]. The fighters had joined the flight at Athens. A sixth P-38 had to turn back to Athens because of engine trouble.

At the airport to meet the President were the Honorable V. M. Molotov, Soviet Commissar for Foreign Affairs, Secretary of State Stettinius and Ambassador Harriman. It was explained that Marshal Stalin had not yet arrived in the Crimea.

The President did not leave his plane at once but remained embarked until the Prime Minister arrived from Malta some twenty minutes later.

Distance traveled, Malta to Saki, 1375 miles.

We were met at Saki by Agents Rowley, Peterson, Deckard, Campion, Savage and Griffith, members of our advance party.

1230: The Prime Minister and his party arrived at Saki in his special aircraft escorted by six fighters. The Prime Minister disembarked and came over to the President's plane. The President then left his plane and entered a jeep. As the President and the Prime Minister approached the guard of honor, honors were rendered for them. The honors consisted of the guard presenting arms and the band playing the Star Spangled Banner, God Save the King, and the Third Internationale. Then, while in the jeep, the President drove down the ranks of the guard and made an inspection of them. Afterwards the guard of honor passed in review before the President and the Prime Minister. The President took the review while seated in the jeep.

1306: The ceremonies at the airport over, the President and members of his party left Saki by automobile for Livadia Palace, near Yalta, some 80 miles distant. Mrs. Boettiger rode with the President. All automobiles used in our caravan were furnished by the Soviet Government and were operated by Russian drivers.

The first stretch of our drive, from Saki to Simferopol, was over rolling, snow-covered country somewhat like that of our Middle-West. We saw few, if any, trees and many reminders of the recent fighting there—gutted-out buildings, burned out tanks and destroyed German railroad rolling stock that had been abandoned and burned by them in their flight.

From Simferopol, the capital city of the Crimea, we went on to Alushta, a small town on the east coast of the Crimean Peninsula. From Alushta we followed the "Route Romanoff" to Yalta. This is a high and very winding road that passes around the west side of the Roman Kosh (the highest moun-

tain in the Crimea—5,055 feet) and ascends to the Red Crag (4,760 feet). The entire distance from Saki to Yalta was guarded by Soviet troops. It was noted that a considerable number of them were young girls.

1750: We passed through the city of Yalta.

1800: We arrived at Livadia Palace, two miles south of Yalta. This was our headquarters during the Crimea Conference. Miss Kathleen Harriman (daughter of Ambassador Harriman) was at Livadia to greet the President and Mrs. Boettiger.

We were all very tired, so it was a case of bathing, dining and to bed for us this evening.

The Prime Minister's party proceeded separately from the President's and went from Saki to Vorontsov Villa (located about 12.5 miles south of Livadia), where they made their headquarters during the conference.

Commander Tyree, Major Putnam and Mr. Cornelius had arrived at Livadia several hours before us and had our map room and communications center set up and in operation when the President arrived. Commander Smith had been at Livadia for several days. He had come to the Crimea in the *Catoctin*.

2100: Lieutenant Bogue, who had remained behind at Malta to handle any last minute communications for our party and had left Malta on one of the last planes of our flight, arrived at Livadia, completing the arrival of our party.

The U. S. minesweepers *Pinnacle* and *Implicit* were moored in the harbor at Yalta. The naval auxiliary *Catoctin*, the liberty ship *William Blount* and the minesweepers *Incessant* and *Incredible* were moored in the harbor at Sevastopol, 80 miles to the southwest. The Soviet authorities had declined to permit the *Catoctin* or the *William Blount* to continue on to Yalta because of the presence of mines in that area of the Black Sea. This task group had been sailed from the Mediterranean Area some ten days previously in order to be on hand to furnish miscellaneous services to the American Delegation at Yalta. These ships were the first Allied vessels to pass through the Dardanelles since the beginning of the present war and they opened communications with Sevastopol and Yalta.

Because the *Catoctin* could not come to Yalta, or closer than Sevastopol, it was necessary for us to communicate by landline (teletype) with the *Catoctin* which vessel served as communications relay ship for our party during the conference. For the first few days we experienced "wire trouble" between Livadia and Sevastopol. Our communication engineers eventually laid an entirely new line from Livadia to Sevastopol and thereafter no further wire trouble was experienced.

Yalta

Yalta before the war was the center of the health resorts on the south coast of the Crimea. In 1928 it had a normal population of 29,000. It is picturesquely situated in the valley of the river Utchan-Su and is surrounded on three sides by mountains. The mountain range to the north thwarts the cold

Who Was There

The official record shows that, in addition to Roosevelt, Churchill and Stalin, the following took part in the Yalta Conference:

For the United States of America:

Edward R. Stettinius, Jr., Secretary of State;

Fleet Admiral William D. Leahy, U.S.N., Chief of Staff to the President;

Harry L. Hopkins, Special Assistant to the President;

Justice James F. Byrnes, Director, Office of War Mobilization;

General of the Army George C. Marshall, U.S.A., Chief of Staff, U. S. Army;

Fleet Admiral Ernest J. King, U.S.N., Chief of Naval Operations and Commander in Chief, U. S. Fleet;

Lieutenant General Brehon B. Somervell, Commanding General, Army Service Forces;

Vice Admiral Emory S. Land, War Shipping Administrator;

Major General L. S. Kuter, U.S.A., Staff of Commanding General, U. S. Army Air Forces;

W. Averell Harriman, Ambassador to the U.S.S.R.;

H. Freeman Matthews, Director of European Affairs, State Department;

Alger Hiss, Deputy Director, Office of Special Political Affairs, Department of State;

Charles E. Bohlen, Assistant to the Secretary of State, together with political, military and technical advisors.

For the United Kingdom:

Anthony Eden, Secretary of State for Foreign Affairs;

Lord Leathers, Minister of War Transport;

Sir A. Clark Kerr, H.M. Ambassador at Moscow;

Sir Alexander Cadogan, Permanent Under Secretary of State for Foreign Affairs;

Sir Edward Bridges, Secretary of the War Cabinet;

Field Marshal Sir Alan Brooke, Chief of the Imperial General Staff;

Marshal of the Royal Air Force Sir Charles Portal, Chief of the Air Staff;

Admiral of the Fleet Sir Andrew Cunningham, First Sea Lord;

General Sir Hastings Ismay, Chief of Staff to the Minister of Defense;

together with

Field Marshal Alexander, Supreme Allied Commander, Mediterranean Theatre;

Field Marshal Wilson, Head of the British Joint Staff Mission at Washington;

together with military and diplomatic advisors.

For the Soviet Union:

V. M. Molotov, People's Commissar for Foreign Affairs of the USSR;

Admiral Kuznetsov, People's Commissar for the Navy;

Army General Antonov, Deputy Chief of the General Staff of the Red Army;

A. Ya. Vyshinski, Deputy People's Commissar for Foreign Affairs of the USSR;

I. M. Maisky, Deputy People's Commissar for Foreign Affairs of the USSR;

Marshal of Aviation Khydyakov;

F. T. Gousev, Ambassador in Great Britain;

A. A. Gromyko, Ambassador in U. S. A.

blasts headed that way and permits the warm sun to exert its full effect in and around Yalta. The mean annual temperature there is 56.65. The thermometer hovered around 40 during our visit but it was not at all uncomfortable.

Livadia Palace

The buildings used by the American Delegation during the Crimea Conference are the former summer palace of the Czars. The main building is called the Livadia and the two auxiliary buildings the Svitski Korpus.

After the Revolution Livadia was used by the Soviet Government as a rest home for tubercular patients. During the German occupation of the Crimea it was used by their high command, who did a very thorough job of looting when they were forced to leave. The buildings were left in complete disrepair and the grounds in equally bad condition. The only original furnishings in the building (Livadia) at the time we resided there were the two pictures in the President's bedroom.

The Soviet Government had performed an amazing job, however, in completely renovating the place during the three weeks period immediately preceding the conference; amazing because of the critical shortage of materials and the very limited time available. This was because it was not until about 15 January that it was definitely decided to hold the conference at Yalta. Hotel staffs were brought in from Moscow and furniture and furnishings were obtained from Moscow and other Soviet cities or from local sanitoria and rest homes. It should be added here that in addition to everything that the Soviets did, Lieutenant Commander L. H. Backus, MC-V(S), U.S.N.R., and Lieutenant T. W. Sullivan, MC-V(S), U.S.N.R., (both from the U.S.S. *Catoctin*) did an outstanding job in transforming Livadia, an infested building since the German occupation and pillage, to a place that was completely habitable and comfortable, and prevented what might have been a most serious threat to the health of the entire party.

The New Palace (Livadia) was built from white Inkerman granite in 1911, in the style of the Italian renaissance, from plans by the architect Krasnov. It stands on the site of the former palace which, except for the church, had been entirely demolished. Situated more than 150 feet above the sea, it commands a striking panorama of the mountains and the sea to the east and north. Wings extend from the rear of the main building to form two courts, one modeled after the Convent Court of St. Mark (Florence, Italy), and the other is of Moorish design.

The first floor of the 50-room palace was used by Nicholas and his son, Alexi, for living quarters. The left wing, facing the sea, contained the Czar's study and bedroom. The room used as the President's private dining room was formerly a billiard room. The large room used as the main conference room was the ballroom-banquet hall.

The second floor was used principally by the Czarina and her four daughters. The room occupied by General Marshall was formerly the Imperial bedroom and that used by Admiral King was the Czarina's boudoir. The second floor conference hall was formerly a private reception room of the Czarina. The second floor dining room was a private sitting room used only by the Czar's family.

The parks and gardens, which stretch down to the seaside, contain fifteen miles of paths and lanes lined with cypress, cedar, yew and bay trees. There are many rare and beautiful plants and trees in the parks, brought there from all over the world by Count Potocki and the Romanov family during the Nineteenth and early part of the Twentieth Centuries.

Sunday, February 4th:

Marshal Stalin and his party arrived early this morning. They came down from Moscow by rail to a point in the Crimea and from there motored to Koreiz Villa, about 6 miles south of Livadia, where they made their headquarters during the Crimea Conference.

* * *

MR. BOHLEN'S MINUTES OF MEETINGS AT YALTA

ROOSEVELT-STALIN MEETING, FEBRUARY 4, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES	SOVIET UNION
President Roosevelt	Marshal Stalin
Mr. Bohlen	Foreign Commissar Molotov
	Mr. Pavlov

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TOP SECRET

Subject: General Discussion

After an exchange of amenities, in which the President thanked Marshal Stalin for all the successful efforts that had been made for his comfort and convenience, the President said that the military situation was considerably improved since they had last met.

MARSHAL STALIN replied that this was certainly true, and that the Soviet armies were moving very successfully onto the line of the Oder.

THE PRESIDENT replied that he had made a number of bets on board the cruiser coming over as to whether the Russians would get to Berlin before the Americans would get to Manila.

MARSHAL STALIN remarked that he was certain the Americans would get to Manila before the Russians got to Berlin, since there was at present very hard fighting going on for the Oder line.

There followed a discussion about the climate and characteristics of the Crimea.

THE PRESIDENT said that he had been very much struck by the extent of German destruction in the Crimea and therefore he was more bloodthirsty in regard to the Germans than he had been a year ago, and he hoped that Marshal Stalin would again propose a toast to the execution of 50,000 officers of the Germany Army.

MARSHAL STALIN replied that because of the honest blood shed in fighting the Germans, everyone was more bloodthirsty than they had been a year ago, adding that the destruction in the Crimea is nothing compared to that which occurred in the Ukraine. He said in the Crimea the Germans had been out-flanked and had had little time to carry out planned destruction, whereas in the Ukraine they had done it with method and calculation. He said the Germans were savages and seemed to hate with a sadistic hatred the creative work of human beings.

THE PRESIDENT agreed with this.

MARSHAL STALIN then inquired about the military situation on the Western Front.

THE PRESIDENT replied that General Marshall, at the five o'clock meeting, would give a detailed outline of the situation and plans, but he could say now that there was an of-

fensive planned for the 8th of February and another on the 12th, but that the main blow of the Anglo-American armies on the Western Front would take place in March.

MARSHAL STALIN expressed gratification at this news, and said that General Antonov of the Soviet General Staff would give a detailed review of the situation on the Eastern Front at the five o'clock meeting. He added that if it were possible to capture the Ruhr and Saar regions the Germans would be deprived of all sources of coal, since the Russians had already captured the Silesia basin.

THE PRESIDENT said he felt that the armies were getting close enough to have contact between and he hoped General Eisenhower could communicate directly with the Soviet Staff rather than through the Chiefs of Staff in London and Washington as in the past.

MARSHAL STALIN agreed and thought it was very important and promised that the staffs while here would work out the details of this suggestion. He added that if the Germans were deprived of all their coal, since they were already short of bread, there was a possibility that the German collapse would come before absolute military defeat.

THE PRESIDENT inquired whether the Soviet bridgeheads across the Oder were sufficient for further offensive action.

MARSHAL STALIN replied that in regard to these bridgeheads, of which there were five or six, fierce battles were in progress on the Eastern front.

THE PRESIDENT said that one of the difficulties on the Western Front was that we had no secure bridgeheads and that on the upper Rhine the current was so strong with floating ice that it made it very difficult for pontoon operations, but that General Eisenhower felt once he reached the Rhine he would be able to cross it, but he did not expect this before March. He added that the British had wanted to make a major crossing of the Rhine on the north sector in Holland, but since we had four times the number of men in France that the British had we felt we were entitled to have an alternative, which would be either through Holland or in the region of Mainz.

THE PRESIDENT then inquired how Marshal Stalin had gotten along with General de Gaulle.

MARSHAL STALIN replied that he had not found de Gaulle a very complicated person, but he felt he was unrealistic in the sense that France had not done very much fighting in this war and de Gaulle demanded full rights with the Americans, British and Russians who had done the burden of the fighting.

THE PRESIDENT then described his conversation with de Gaulle in Casablanca two years ago when de Gaulle compared himself with Joan of Arc as the spiritual leader of France and with Clemenceau as the political leader.

MARSHAL STALIN replied that de Gaulle does not seem to understand the situation in France and that in actual fact the French contribution at the present time to military operations on the Western Front was very small and that in 1940 they had not fought at all.

THE PRESIDENT replied that he recently decided to arm eight new French divisions composed of Frenchmen who had had previous military training.

MARSHAL STALIN said that was good insofar as it would help the American armies but at present he felt the de Gaulle army was very weak.

THE PRESIDENT said he had recently heard that the French Government did not plan to annex outright any German territory but they are willing to have it placed under international control.

MARSHAL STALIN replied that was not the story de Gaulle had told in Moscow—there he said the Rhine was the natural boundary of France and he wished to have French troops placed there in permanency.

THE PRESIDENT said he would now tell the Marshal something indiscreet, since he would not wish to say it in front of Prime Minister Churchill, namely that the British for two years have had the idea of artificially building up France into a strong power which would have 200,000 troops on the eastern border of France to hold the line for the period required to assemble a strong British army. He said the British were a peculiar people and wished to have their cake and eat it too.

THE PRESIDENT then said that he understood the tripartite zones in regard to occupation of Germany were already agreed upon, to which Marshal Stalin appeared to agree, but he went on to say that one outstanding question was that of a French zone of occupation. The President said he had had a good deal of trouble with the British in regard to zones of occupation. He said that he would of [*have*] preferred to have the northwest zone which would be independent of communications through France, but the British seemed to think that the Americans should restore order in France and then return political control to the British.

MARSHAL STALIN inquired whether the President thought France should have a zone of occupation, and for what reason.

THE PRESIDENT said he thought it was not a bad idea, but he added that it was only out of kindness.

Both MARSHAL STALIN and MR. MOLOTOV spoke up vigorously and said that would be the only reason to give France a zone. Marshal Stalin said that question would have to be considered further here at Yalta.

As it was then three minutes to five, the President suggested that they proceed to the conference room where the military staffs were gathered.

FIRST PLENARY MEETING, FEBRUARY 4, 1945, 5 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt	Major General Kuter
Secretary Stettinius	Major General Deane
Fleet Admiral Leahy	Mr. Harriman
General of the Army Marshall	Brigadier General McFarland
Fleet Admiral King	Mr. Bohlen

UNITED KINGDOM

Prime Minister Churchill	Admiral of the Fleet Cunningham
Foreign Secretary Eden	Field Marshal Alexander
Field Marshal Brooke	General Ismay
Marshal of the Royal Air Force Portal	Major Birse

SOVIET UNION

Marshal Stalin	Mr. Vyshinsky
Foreign Commissar Molotov	Mr. Gromyko
General of the Army Antonov	Mr. Gusev
Marshal of Aviation Khudyakov	Mr. Maisky
Fleet Admiral Kuznetsov	Mr. Pavlov

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TOP SECRET

Subject: The Military Situation.

MARSHAL STALIN said he hoped the President would again consent to opening the meeting.

THE PRESIDENT replied that his opening of this meeting, as had been the case in Tehran, was not based on any law or

historic tradition but merely by chance. He said that he was honored to open this great Conference and he wished first of all to express on behalf of the American guests here their deep appreciation for the hospitality and splendid arrangements made by Marshal Stalin and his assistants for their comfort and convenience. He said that he knew that all the people he represented wished peace above all and the war to be over as soon as possible. He said that he felt that we understood each other much better now than we had in the past and that month by month our understanding was growing. For this reason, he felt safe in proposing that the talks be conducted in an informal manner in which each would speak his mind frankly and freely, since he had discovered through experience that the best way to conduct business expeditiously was through frank and free speaking. He said he knew that while they were here in Yalta they would cover the map of the world, but today he thought that military questions, particularly those on the most important front of all, the Eastern Front, should be the subject of discussion. He said he wished to add that when the Red Armies advanced into Germany 25 kilometers, it was doubtful whether the Soviet people were more thrilled than those of the United States and those of Great Britain. Here, he thought, it would be most appropriate if the Marshal would ask one of his staff officers to give a detailed report on the Eastern Front.

GENERAL ANTONOV then read a prepared paper, giving in great detail the background development of the Soviet offensive of early January, the estimate of enemy probabilities and the results of the offensive. He concluded with the statement of Soviet desires with regard to the actions of their Allies.

In regard to the part of the Soviet report where General Antonov referred to the number of divisions which were being moved to the East, the PRIME MINISTER asked if he could go into more detail as to where they were coming from.

GENERAL ANTONOV stated that they anticipated that there would be five German divisions from Norway, twelve from the Western Front, eight from Italy, and eight from the interior of Germany which would be moved to the Eastern Front to reinforce the Germans.

THE PRESIDENT then inquired whether in the advance into Germany the Russians had altered the gauge of the railroads from the customary European gauge to the wide Russian gauge.

GENERAL ANTONOV replied that the majority of the locomotives and wagons which they had captured from the Germans had been so badly damaged that they had been useless and it was, therefore, necessary to widen the gauge on a few important lines of the railroads in order to accommodate Russian rolling stock to supply the troops.

THE PRESIDENT said that as our armies are now approaching each other in Germany it was important that the staffs should discuss this problem so that there would be a definite place in Germany where the different gauges would meet.

MARSHAL STALIN answered at this point that the greater part of the German railroad lines would remain of their customary gauge and that it was not for pleasure but for absolute necessity that any at all had been changed, since the Soviet Union did not have adequate resources to adopt this expedient to a greater extent than was absolutely necessary.

THE PRIME MINISTER then said that he had a number of questions in regard to General Antonov's report, that he felt that the Anglo-American and Russian staffs which were here gathered for the first time should discuss these technical military matters between themselves. He added, for example, that it was important to find out how long it would take the enemy to move these divisions from Italy and the Western Front to the Eastern Front and whether the Allies could be of more help by reinforcing the Western Front or by leaving the divisions in Italy, or by moving across the Adriatic into the Balkans. He suggested that General Marshall, with the President's approval, present a picture of the operations on the Western Front.

GENERAL MARSHALL then gave the following general summary of the situation on the Western Front:

The Ardennes bulge had now been eliminated and in certain places the Allied armies were further to the East than they had been when the German offensive began.

In the last week General Eisenhower has been regrouping his divisions for future offensive action and was engaged in eliminating enemy pockets on the southern sector of the line north of Switzerland. He was exerting pressure on the base of the Ardennes bulge for the purpose of ascertaining whether the Germans were in sufficient force to successfully oppose a movement Northeast in the direction of Bonn or whether such an operation would require special preparation. He had ascertained that the German resistance was too strong and four days ago had ceased operations in this area and begun to transfer divisions to the North. North of Switzerland operations were being directed toward the elimination of German positions around Mulhausen and Colmar. Colmar had been taken but the First French Army was advancing very slowly north of Mulhausen.

Small German bridgeheads to the north of Strasbourg were being eliminated. When our forces have reached the Rhine a number of divisions will be released through the shortening of the line.

Field Marshal Montgomery in command of the 21st British Army Group and the United States Ninth Army is preparing offensive action in a Southeast direction north of Düsseldorf A supporting operation is planned by the Ninth Army in a northeast direction toward the same objective. The first of these operations is expected to commence on February 8 and the second approximately a week later. These two operations are designed to drive the Germans East of the Rhine and to cross the river North of the Ruhr. This operation will be the main blow of the Anglo-American armies. Airborne divisions will be used in large numbers to land East of the Rhine.

The passage of the Rhine is considered possible after the first of March. Although a crossing would be attempted if the Rhine were reached before that date it would be a hazardous operation because of ice conditions and the strength of the current. There are three good crossings in this sector and a fourth may be attempted. Only five divisions could be accommodated on the actual front of the assault.

In the South the left wing of the United States First Army was endeavoring to carry out the capture of two dams on the Rohr River. Despite air action these dams remained intact and there was a danger of imperilling our positions in that area if the Germans were to open the dams.

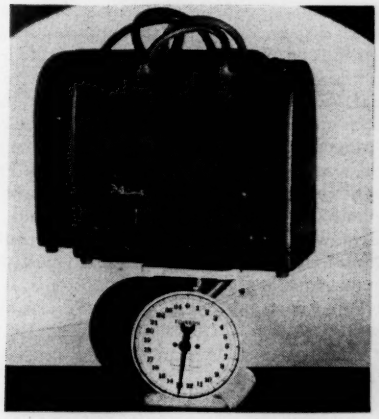
Plans have been made for a secondary effort in the area of Frankfort as an alternative if the main operation in the North suffers a check.

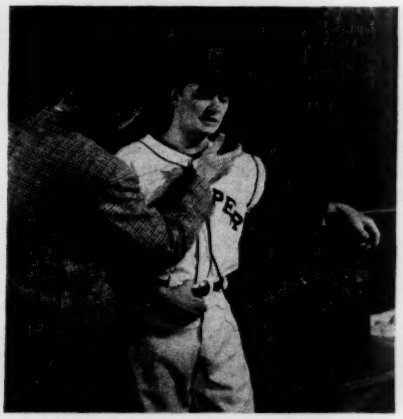
Operations on the Western Front had been limited by the shortage of supplies due to inadequacy of shipping. The opening of the port of Antwerp has remedied this situation and the armies are now receiving adequate supplies. The utilization of the town of Rouen has facilitated the movement of supplies. It is now possible to bring in 75,000 to 80,000 tons of dry cargo and 12,000 to 15,000 tons of wet cargo a day. The Germans were endeavoring to disrupt the use of the port of Antwerp by robot bombs and rockets and sporadic air attack. The day before yesterday sixty robot bombs and six rockets fell on the city of Antwerp. One ship had been destroyed and one oil dump blown up. The chief danger was that a lucky hit might destroy the Antwerp lock gates. When weather per-

(Continued on page 60)

Thompson brings electronics to the kindergarten

The Bell Tape Recorder being used by the children is Bell's newest Model No. RT-75. It is the only 3-speed machine and America's lowest-cost long-playing tape recorder. Its handsome, grey-green cabinet, with gold trim and knobs, blends with any home or office furnishings. Its uses are unlimited—in hospitals, church work, office conferences, theatres, music studios—whole families have fun with it, too.





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mitted the American Air Forces had been extremely active in destroying German transport, railroad lines and troop convoys, particularly in the direction of Cologne.

MARSHAL STALIN then inquired if there was any definite estimate of the actual destruction done by the tactical air force.

GENERAL MARSHALL replied that he did not have the exact estimates but the destruction had been very heavy. According to present data the German oil production had been reduced to about 20% of its former capacity as a result of Allied heavy bombing. They had also struck at tank factories, motor transport factories, rail communications and assembly yards. In these operations were included the heavy bombers from Italy which, when the weather did not permit a strike on Germany, operated in the valley of the Po and against railroad lines leading from Italy into Germany.

In reply to a question General Marshall stated that there were approximately 32 enemy divisions on the Italian front, 27 German and 5 Italian, facing an approximately equal number of Allied divisions. The Allied forces have superiority in fighter aircraft in this theater.

GENERAL MARSHALL mentioned briefly the submarine danger which was more threatening at the moment than it had been in the past, due largely to improvements in German technical methods. At the time of the African landings there had been 100 enemy submarines operating in the Atlantic. At the present time there were between 30 and 35 in the Atlantic and their threat was potential rather than actual. He said difficulty had been encountered in attacking submarines in the shallow waters around the British Isles because the tide made it difficult for ASDIC to locate them. The Allied heavy bomber force has been striking heavily at submarine pens and construction yards but first priority was still being given to enemy oil production and refining centers.

GENERAL MARSHALL concluded by saying that Field Marshal Brooke might have something to add to his report on the military situation.

THE PRIME MINISTER said he hoped that Field Marshal Brooke would have some news, but he certainly hoped that Admiral Cunningham would be able to speak on the help the Soviet Armies could give in the U-boat war, since Danzig was the principal point of construction of U-boats.

MARSHAL STALIN asked what were the other points.

ADMIRAL CUNNINGHAM replied: Kiel and Hamburg.

THE PRIME MINISTER said that we had had great experience with the United States forces in working out the crossing of oceans for landing operations but that we hoped to benefit by the Russian experience in crossing rivers. There was an officer here especially charged with that duty and he hoped to be able to get into contact with the Russian staff on this subject.

MARSHAL STALIN then asked a number of questions particularly relating to the potentials which the Anglo-Americans would have in the Northern area and those designated for the attacks on February 8 and February 15. He said that on the central front in Poland the Soviet Army had enjoyed a superiority of 100 divisions over the Germans as well as overwhelming artillery supremacy. He added that they had had 9,000 planes on a relatively narrow front in Eastern Poland. He said that the Red Army had had 9,000 tanks on the break-through sector on the central front.

GENERAL MARSHALL said that approximately one in three Allied divisions was armored comprising 200-300 units. There was some discussion as to the relative strength of the German and Allied divisions in which General Marshall said that a German panzer division which they had encountered on the Western Front had had a complement of 23,000 men, at which Marshal Stalin expressed surprise.

THE PRIME MINISTER said that he understood that the British division was composed of 18,000 men and the American 14,000 with tank divisions of approximately 10,000 men.

SIR CHARLES PORTAL, in reply to a question from Marshal Stalin, said that we would have 8,000 to 9,000 aircraft on the section of the Western Front designated for the attack, of which 4,000 would be Anglo-American heavy bombers capable of carrying 3 to 4 tons of bombs each.

THE PRIME MINISTER said, in reply to Marshal Stalin's observations that they had 180 Soviet divisions against 80 German divisions on the central front in Poland, that the Anglo-American armies had never had a superiority in manpower but that their superiority had rested in air power and armor.

GENERAL MARSHALL stated that ten days ago there had been 79 German divisions on the Western Front opposing 78 Anglo-American divisions.

MARSHAL STALIN then said that in the present offensive the Soviet armies had enjoyed artillery supremacy of four to one and gave a brief description in the manner in which the special Soviet artillery "break-through" divisions had been organized. He said that these artillery divisions had from 300 to 400 guns and in addition to offensive operations the corps artillery was added during the attack. For example, on a front from 35 to 45 kilometers, Marshal Konev had had six artillery "break-through" divisions and the corps artillery, which meant that for every kilometer there were some 230 guns of heavy calibre. The result was after a two hour bombardment a gate was opened in the front through which the Soviet forces advanced fifteen kilometers the first day. The German losses in killed and wounded were very heavy and the survivors were severely stunned and shell shocked. Marshal Stalin then said that they had explained their desires from their Allies, but that they had learned from the discussions already undertaken that their desires had already been met, and inquired what were the wishes of the Allies in regard to the Red Army.

THE PRIME MINISTER said first of all that he wished to express the gratitude of England and he was sure of America for the massive power and successes of the Soviet offensive.

MARSHAL STALIN replied that this was not a desire. Marshal Stalin then said that the Soviet Union was not bound by any agreement at Tehran to conduct a winter offensive and despite what some people had thought no demand or request had been received from the President or the Prime Minister in regard to such an offensive. The President had asked him to receive a representative, Air Marshal Tedder, from General Eisenhower's staff to discuss the situation and he had, of course, immediately agreed. He said that he mentioned this only to emphasize the spirit of the Soviet leaders who not only fulfilled formal obligations but went farther and acted on what they conceived to be their moral duty to their Allies. He said Air Marshal Tedder had explained the desire, which he presumed was that of the President and the Prime Minister, that the Soviet army continue their offensive operations until the end of March. Marshal Stalin said that they would do it if the weather and road conditions permitted.

THE PRESIDENT said that he thoroughly agreed with Marshal Stalin's statement since at the Teheran Conference it had been merely agreed that each partner would move as quickly and as far as possible against the common enemy. He said at that time he personally was facing an election, and that it had been impossible to make detailed plans far into the future. Also at that time our armies were separated by many miles. Now, however, the President said, with our armies approaching each other it should be possible to coordinate more closely our operational plans.

THE PRIME MINISTER remarked that the reason no request had been made on Marshal Stalin was because of the com-

(Continued on page 62)

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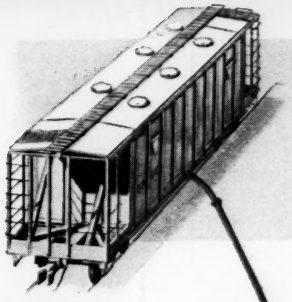

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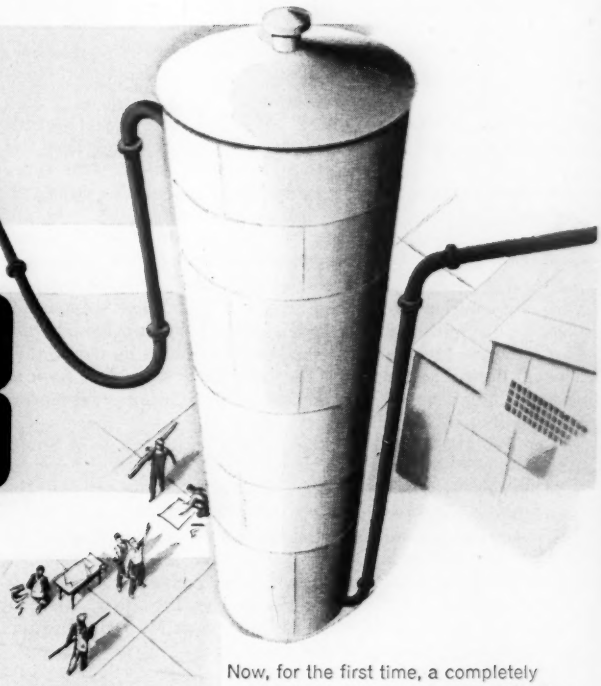

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plete confidence which the President and he felt in the Marshal, the Russian people and the efficiency of the Russian military, and therefore, there had been no attempt to strike any bargain. He had always been thoroughly confident that when an offensive was possible the Red Army would attack. The Prime Minister added that no matter what discussions Air Marshal Tedder had had in Moscow, he felt that it was of the highest importance that the three staffs which were assembled here for the first time should really work out together detailed plans for the coordination of the joint blows against Germany; so that if the Soviet offensive came to a halt because of the weather or road conditions the Allied armies could move. The best of all would be for both armies to attack simultaneously from the East and the West.

MARSHAL STALIN agreed with the Prime Minister but stated that they had to take into account what had occurred; that when the Anglo-American armies were on the offensive in the West the Soviet armies were not ready and conversely. He felt that it would be most useful for the staffs to discuss the question of a summer offensive against Germany because he was not so sure that the war would be over before summer.

MR. CHURCHILL replied that he thoroughly shared the view of the Marshal and that we should take full advantage of this gathering.

ADMIRAL CUNNINGHAM then gave a short review of the situation in regard to German submarines. He said that the threat was more potential than actual at the present time. The Germans had kept technically ahead of the Allies although the present sinkings around the British Isles were not serious. We knew, however, that based on a prefabricated method of construction the Germans were building large submarines of a new type fitted out with the latest devices and with high underwater speed. He said that these submarines were being built primarily at Kiel, Hamburg and Danzig and that since the Marshal had asked for our desires he would give a naval desire, namely, that the Red Army should as soon as possible take Danzig where 30% of the German submarine construction was being carried out.

THE PRESIDENT asked if Danzig was within range of Soviet artillery fire.

MARSHAL STALIN replied in the negative but expressed the hope that it soon would be.

It was then agreed that the Military Staffs would meet tomorrow at 12:00 noon at the Soviet villa at Koreis and that tomorrow, February 5, there would be a meeting at the Livadia Palace at 4:00 p.m. between the President, Marshal Stalin, and the Prime Minister and the three Foreign Ministers on the political treatment of Germany.

* * *

TRIPARTITE DINNER MEETING, FEBRUARY 4, 1945, 8:30 P.M., LIVADIA PALACE*

PRESENT

UNITED STATES

President Roosevelt
Secretary Stettinius
Mr. Byrnes
Mr. Harriman
Mr. Bohlen

UNITED KINGDOM

Prime Minister Churchill
Foreign Secretary Eden
Sir Archibald Clark Kerr
Major Birse

SOVIET UNION

Marshal Stalin
Foreign Commissar Molotov
Mr. Vyshinsky
Mr. Gromyko
Mr. Pavlov

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Bohlen Minutes

TOP SECRET

Subject: Voice of Smaller Powers in Postwar Peace Organization.

*The President acted as host.

Before dinner and during the greater part of the dinner the conversation was general and personal in character. Marshal Stalin, the President and the Prime Minister appeared to be in very good humor throughout the dinner. No political or military subjects of any importance were discussed until the last half hour of the dinner when indirectly the subject of the responsibility and rights of the big powers as against those of the small powers came up.

MARSHAL STALIN made it quite plain on a number of occasions that he felt that the three Great Powers which had borne the brunt of the war and had liberated from German domination the small powers should have the unanimous right to preserve the peace of the world. He said that he could serve no other interest than that of the Soviet state and people but that in the international arena the Soviet Union was prepared to pay its share in the preservation of peace. He said that it was ridiculous to believe that Albania would have an equal voice with the three Great Powers who had won the war and were present at this dinner. He said some of the liberated countries seemed to believe that the Great Powers had been forced to shed their blood in order to liberate them and that they were now scolding these Great Powers for failure to take into consideration the rights of these small powers.

MARSHAL STALIN said that he was prepared in concert with the United States and Great Britian to protect the rights of the small powers but that he would never agree to having any action of any of the Great Powers submitted to the judgment of the small powers.

THE PRESIDENT said he agreed that the Great Powers bore the greater responsibility and that the peace should be written by the Three Powers represented at this table.

THE PRIME MINISTER said that there was no question of the small powers dictating to the big powers but that the great nations of the world should discharge their moral responsibility and leadership and should exercise their power with moderation and great respect for the rights of the smaller nations. (Mr. Vyshinski said to Mr. Bohlen that they would never agree to the right of the small powers to judge the acts of the Great Powers, and in reply to an observation by Mr. Bohlen concerning the opinion of American people he replied that the American people should learn to obey their leaders. Mr. Bohlen said that if Mr. Vyshinski would visit the United States he would like to see him undertake to tell that to the American people. Mr. Vyshinski replied that he would be glad to do so.)

Following a toast by the Prime Minister to the proletariat masses of the world, there was considerable discussion about the rights of people to govern themselves in relation to their leaders.

THE PRIME MINISTER said that although he was constantly being "beaten up" as a reactionary, he was the only representative present who could be thrown out at any time by the universal suffrage of his own people and that personally he gloried in that danger.

MARSHAL STALIN ironically remarked that the Prime Minister seemed to fear these elections, to which the PRIME MINISTER replied that he not only did not fear them but that he was proud of the right of the British people to change their government at any time they saw fit. He added that he felt

(Continued on page 64)

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that the three nations represented here were moving toward the same goal by different methods.

THE PRIME MINISTER, referring to the rights of the small nations, gave a quotation which said: "The eagle should permit the small birds to sing and care not wherefor they sang."

After Marshal Stalin and the President had departed the Prime Minister discussed with Mr. Eden and Mr. Stettinius further the voting question in the Security Council. THE PRIME MINISTER said that he was inclined to the Russian view on voting procedure because he felt that everything depended on the unity of the three Great Powers and that without that the world would be subjected to inestimable catastrophe; anything that deserved [*preserved?*] that unity would have his vote.

In reply to an inquiry of the Prime Minister in regard to the American proposal to the solution of the voting question, MR. BOHLEN remarked that the American proposal reminded him of the story of the Southern planter who had given a bottle of whisky to a Negro as a present. The next day he asked the Negro how he had liked the whiskey, to which the Negro replied that it was perfect. The planter asked what he meant, and the Negro said if it had been any better it would not have been given to him, and if it had been any worse he could not have drunk it.

Soon thereafter the Prime Minister and Mr. Eden took their departure, obviously in disagreement on the voting procedure on the Security Council of the Dumbarton Oaks organization.

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* * *

SECOND PLENARY MEETING, FEBRUARY 5, 1945, 4-8 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt	Mr. Byrnes
Secretary Stettinius	Mr. Harriman
Fleet Admiral Leahy	Mr. Matthews
Mr. Hopkins	Mr. Bohlen

UNITED KINGDOM

Prime Minister Churchill	Sir Edward Bridges
Foreign Secretary Eden	Mr. Dixon
Sir Archibald Clark Kerr	Mr. Wilson
Sir Alexander Cadogan	Major Birse

SOVIET UNION

Marshal Stalin	Mr. Maisky
Foreign Commissar Molotov	Mr. Gusev
Mr. Vyshinsky	Mr. Gromyko
	Mr. Pavlov

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TOP SECRET

Subject: Treatment of Germany.

THE PRESIDENT opened the meeting by stating that it was his understanding that political matters affecting Germany would be discussed today. He said that they would not cover the map of the world and discuss Dakar or Indochina, but confine themselves to the political aspects of the future treatment of Germany. He said that the first question was that of the zones of occupation, which he understood had been agreed upon in the European Advisory Commission. He said there was one question still open and that was the desire of French to have a zone of occupation and French participation in the control machinery for Germany. He emphasized that the question of zones did not relate to the permanent treatment of Germany.

THE PRESIDENT then handed a map of the agreed tripartite zones to Marshal Stalin, pointing out that although these zones had been agreed upon in the European Advisory Commission they had not yet been signed by the three governments.

MARSHAL STALIN said that in the discussion of Germany he would like to include the following points:

(1) The question of dismemberment of Germany. He said that at Tehran they had exchanged views on this subject and later at Moscow he had talked this subject over with the Prime Minister. From these informal exchanges of views he had gathered that all were in favor of dismemberment, but nothing had been decided as to the manner of dismemberment. He said he wished to know first as to whether the President or Prime Minister still adhered to the principle of dismemberment.

(2) Marshal Stalin inquired whether the three governments proposed to set up a German government or not and if there was a definite decision on dismemberment whether or not the three governments would set up separate governments for the various parts of Germany.

(3) Marshal Stalin inquired as to how the principle of unconditional surrender would operate in regard to Germany; for example, if Hitler should agree to surrender unconditionally, would we deal with his government?

(4) Marshal Stalin said his last point dealt with the question of reparations.

THE PRESIDENT replied that, as he understood it, the permanent treatment of Germany might grow out of the question of the zones of occupation, although the two were not directly connected.

MARSHAL STALIN replied that what he wished to find out here was whether or not it was the joint intention to dismember Germany or not. He said that at Tehran, when the question had been discussed, the President had proposed the division of Germany into five parts. The Prime Minister, after some hesitation, had suggested the division of Germany into two parts with a separation of Prussia from the southern part of Germany. He said that he had associated himself with the views of the President, but the discussion at Tehran had only been an exchange of views. He added that at Moscow with the Prime Minister they had discussed the possibility of dividing Germany into two parts with Prussia on the one hand and Bavaria and Austria on the other, with the Ruhr and Westphalia under international control. He said that he thought that this plan was feasible but that no decision had been taken since the President was not there. He inquired whether the time had not come to make a decision on the dismemberment of Germany.

THE PRIME MINISTER stated that the British Government agreed in principle to dismemberment but he felt that the actual method and a final decision as to the manner of dismemberment was too complicated to be done here in four or five days. He said it would require elaborate searchings by experienced statesmen on the historical, political, economic and sociological aspects of the problem and prolonged study by a subcommittee. He added that the informal talks at Tehran and Moscow had been very general in character and had not been intended to lay down any precise plan. In fact, he added, if he were asked to state here how Germany should be divided he would not be in a position to answer, and for this reason he couldn't commit himself to any definite plan

(Continued on page 137)

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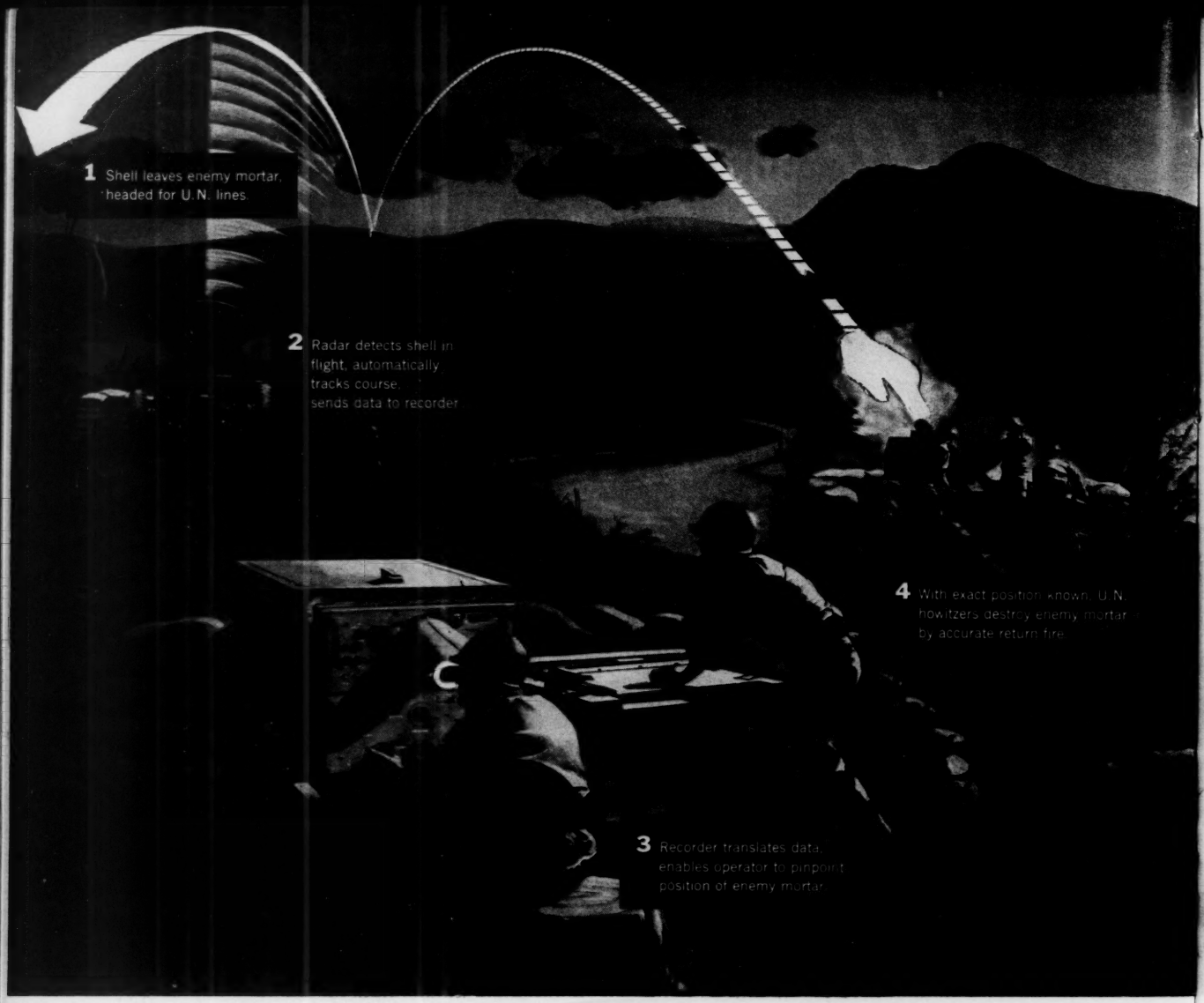
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Army Used Device Against Reds in Korea, N.Y. TIMES, DEC. 12, 1954

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LONDON....BONN....PARIS....

>> As Europeans sift the "fall-out" from the Yalta papers.....

U.S. unpopularity is up a notch. Churchill deeply resents the U.S. making public things he said in private at Yalta. Average Briton is pained to learn that Roosevelt, a hero to most Britons, proposed giving Hong Kong to Chinese.

French dislike being reminded that the Allied leaders at Yalta talked as if France didn't count, as if France was washed up as a great power.

So, for a while, as a result of the Yalta revelations.....

A chill may be noticeable at high levels in the transatlantic atmosphere.

Secret diplomacy will have less appeal, if secrets are to be made public.

Soviet propagandists will have fun exploiting old Allied differences.

But, beyond this sort of thing, the main results of the Yalta disclosures, in Europe, will be hurt feelings, disillusionment. Unpleasant, but not fatal.

>> Conservatives will probably stay in power in Britain for another five or six years. The split in the Labor Party makes that a fairly safe bet.

After the big scrap between Aneurin Bevan and Clement Attlee it's a tossup whether Bevan or Attlee got hurt worse. What's clear is that the Labor Party is split right down the middle, without a strong leader or a strong program, and likely to stay that way for some time. Conservatives, obviously, stand to gain.

Election can now be called any time Churchill is ready--maybe fairly soon.

Churchill's hope is to have that high-level talk with the Russians first, then call the election, meanwhile turning the reins over to Sir Anthony Eden.

>> For U.S., having Eden in charge in Britain will mean this:

U.S. will continue to be Britain's No. 1 ally. U.S. military power seems to Eden, as to Churchill, indispensable for Britain's survival.

Differences, as over China, are to be expected, but will be kept in check.

British defense spending, and defense planning, will tie in with U.S. ideas.

British bases will continue to be used by U.S. atomic bombers.

Anti-American talk will get no encouragement from Eden.

Like Churchill, though, Eden is more hopeful than U.S. that talking with Moscow may get results. He has considerable faith in what diplomacy can do.

>> The spanking of Aneurin Bevan makes this apparent:

The Bevan program--anti-American, pro-Soviet--is not one you can win with in Britain. Anti-Bevan policies, instead, seem to get the majority support on the big issues of defense, German rearmament, relations with Soviet Russia. True, Britain balks at defending Quemoy, but will probably side with U.S. on Formosa.

There's also a tendency to crack down harder on British citizens who work

(over)

for the Communists. The Government is canceling the citizenship of Bruno Pontecorvo, the scientist who skipped to Russia, and is looking for ways to disown Alan Winnington, the British newsman now working for the Chinese Communists.

>> In short: When the chips are down, if U.S. gets deeply involved in a war, odds are that Britain will join in on the U.S. side. Churchill's reliance on U.S. military power demonstrates that. Canadian and Australian spokesmen, within the last few days, have also said as much. They want no war, and hope to avoid it, but admit frankly they are all in the same boat with the U.S.

Bevanism, in other words, will be heard in Britain, but not followed.

>> Big Four talks about Germany are in the cards, once the West Germans and the French ratify the Paris pacts to rearm the Germans.

U.S. isn't enthusiastic about these talks as yet. Russia is playing hard to get. U.S. allies, though, have pledged their voters to talk things over with the Soviet soon after the Paris pacts are approved. Leaders in Britain, France and West Germany are under popular pressure to see what talking can do.

>> But a deal on Germany, actually, is not much nearer than it has been.

What's counted on to impress the Russians, compel them to make a deal is the fact of a rearmed West Germany. The trouble is, this isn't yet a fact, and isn't made one by ratification of the Paris pacts.

The day when 12 West German divisions will be ready, part of Allied forces, is now estimated to be at least three and a half years away.

Revised timetable looks like this: First four months after ratification will be needed to pass necessary legislation in Bonn; then, allow 18 months to form basic cadres of 150,000 volunteers; after that, figure another 18 months for drafting and training the 350,000 other men needed.

A West German Army, on this basis, can't be ready before late 1959.

Moscow, accordingly, is in no hurry to make a deal on Germany. It may talk about it, but there's no reason to expect Soviet concessions just yet.

>> French talk of producing H-bombs some day is subject to heavy discount.

What's behind the talk is the fear that, without an H-bomb, France can no longer play ball with the big powers in the major leagues.

Producing the bomb will be something else. Cost, alone, may seem very high to a thrifty French Parliament. U.S. costs for atomic energy run to more than 2 billion dollars a year. British costs are lower, for a much smaller program, but still apparently run into hundreds of millions.

French atomic program, limited to research and future power development, will probably stay on that basis. H-bomb talk is largely political.

>> High living for top Communists is beginning to attract attention in Europe.

France's No. 1 Communist, Maurice Thorez, General Secretary of the French Communist Party, is revealed as luxuriating in a villa that cost $75,000. What's more, it's next door to the Cannes property of the Aga Khan, one of the world's richest men. French Communists, hearing about this, began to mutter. The party explained: Thorez is merely living this way "in obedience to a party decision."

East Germany's top Communist now shows up with a fancy British sports car and six expensive movie cameras. German Communists are awaiting his explanation.

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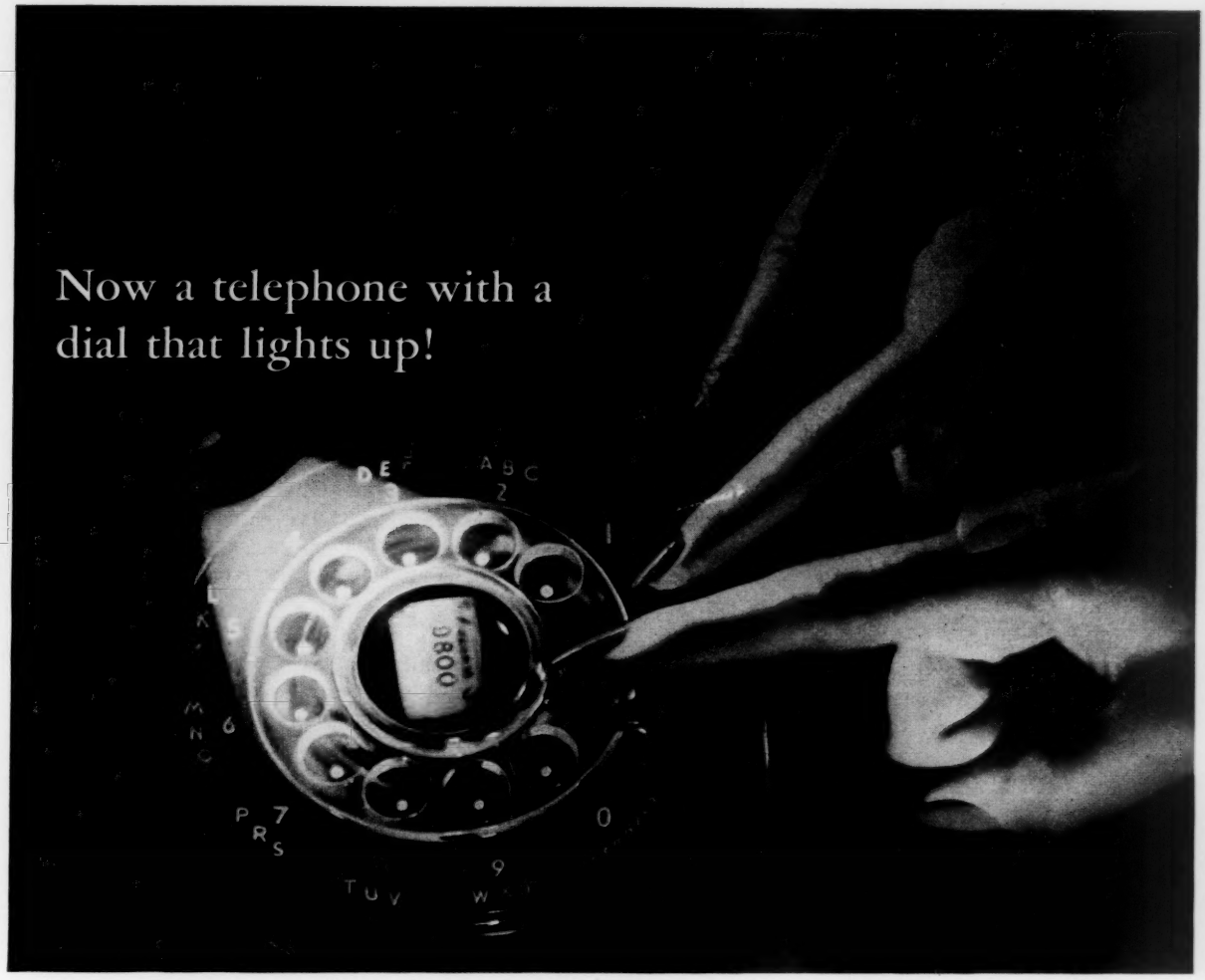

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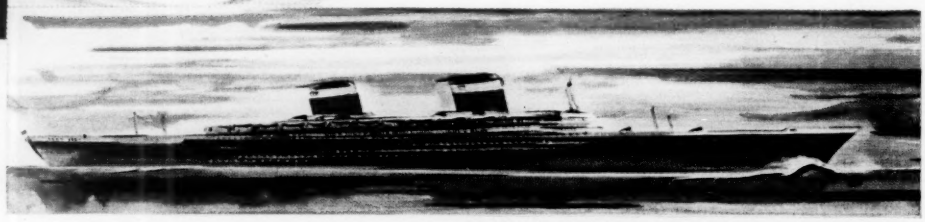
Hannes Schneider, of skiing fame, with his son on the s. s. UNITED STATES: "In all my crossings I have never sailed in a smoother-running ship."



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THE MAN ...Aneurin Bevan **THE NEWS** ...Purged by Party

–Pix

Labor's Outspoken Rebel Talks Himself Into Trouble

Mr. Bevan, England's foremost political troublemaker and U. S. critic, runs into difficulties. He still has strength, a following, but no position of real power is in sight.

LONDON

Great Britain's leading anti-American is in trouble. He is Aneurin Bevan, an ambitious, spellbinding, left-wing member of Parliament who habitually berates the U. S. and urges policies closely paralleling those of Moscow.

Mr. Bevan now is being punished by the Labor Party. It has excluded him from its councils in the House of Commons. This punishment is not merely for his views, however, but because party leaders decided he is an obstructive nuisance, too prone to flout Laborite discipline and publicly taunt top party men.

This has happened before to Mr. Bevan. He usually is in the thick of one commotion or another. He has an independent mind, a vivid personality, a sharp and uninhibited tongue. These qualities, combined with his extreme radical position, have made for almost continuous conflict—some call it guerrilla warfare—with the more moderate party leadership.

Such characteristics also have given Mr. Bevan a following among English workingmen so large that politicians usually feel they must take it into consideration. The present disciplinary action against him encountered unexpectedly heavy opposition.

Under the circumstances, Mr. Bevan may be happier than the leaders who decided to purge him. He says he will seek no forgiveness, and obviously has no regrets. British political observers are of the opinion that, whatever political label may be attached to the rebellious Mr. Bevan, he will continue to be the rallying figure for extreme left-wingers and a continuing goad on whatever party may be in power.

Mr. Bevan has lost no opportunity to criticize U. S. foreign policy in scathing terms, to call for dissolution of the British-American alliance or give emphatic backing to courses approved by the Kremlin. For example:

Formosa, Mr. Bevan says, must be ceded to Red China as an "essential condition for pacification of the Far East."

Loudly, he has urged that Britain break off its alliance with America, unless it persuade the U. S. to recognize the Chinese Communist Government.

The Korean war had to be fought, he concedes, but he argues that the U. S. brought on that conflict by withdrawing its forces from Korea in 1949.

Throughout the Korean war, he contended that Chiang Kai-shek's Nationalist Government should be ousted from the United Nations, and that seat given to Red China upon the cessation of hostilities.

Mr. Bevan opposed any British-American effort to help what he called "French imperialism" maintain its hold on Indo-China.

In addition, he denounced efforts to form a Southeast Asian alliance for the purpose of stopping any further Communist gains there.

Similarly, he has opposed the containment policy wherever it has been applied. In Europe, he is against the North Atlantic Treaty Organization.

German rearmament has drawn his scathing criticism. He calls it a new and unnecessary cause of tension.

Through the Marshall Plan, Mr. Bevan says, the U. S. filled European pockets with dollars and then proceeded to "slit" those pockets.

U. S. bases in Great Britain have made him particularly bitter. These bases, he says, "give us the appearance of an occupied country and serve to cast doubt on our freedom of action with respect to America."

Repeatedly, Mr. Bevan has urged high-level talks with Soviet Russia—where the U. S. is skeptical of their value and Winston Churchill's Government would defer any such conversations until German rearmament has been approved. Mr. Bevan, with other Labor Party leaders, was in Russia last autumn. He talked with the since-deposed Premier Georgi

(Continued on page 72)

–Valtman in the Hartford Times

"A MATTER OF DISCIPLINE"
Mr. Bevan's been over the side before

What's the Trick?

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Mr. Bevan has served in Commons since 1929 . . .

Malenkov and other top Russians, and found them conciliatory.

Over all, he sees little that is menacing in Russia, unless that nation is provoked. He is convinced Russia wants to avoid war. Hence, he denounces any "headlong" rush to rearmament. That, Mr. Bevan contends, unnecessarily uses up raw materials and effort that might better go into improved living conditions and a further application of Socialist principles to Great Britain.

Mr. Bevan nourishes a bitter distrust for capitalists—he has called them "vermin"—and capitalism wherever it is located. He has been particularly denunciatory of capitalism in the U. S. His foremost goal is an England socialized everywhere "except the barbershops." He resents exterior developments that he sees as interrupting progress toward that goal.

Rise of a radical. These attitudes, as Englishmen try to analyze Mr. Bevan, are essentially the product of an impoverished boyhood in the Welsh coalfields, which forced him into the coalpits at 13 and quickly, thereafter, brought him into the labor movement.

Later unemployment, the dole, distress, reading of Karl Marx and other revolutionary writers left him a confirmed and bitter believer in the class struggle. Nevertheless, he is a man of much personal charm. When he speaks, his ideas are clothed in Welsh emotionalism. As an individual, he has many friends. He likes to wine and dine and often is seen in the best Mayfair drawing rooms, hobnobbing with the people he has made a career of threatening.

Mr. Bevan's skimpy early education was supplemented by two years at the Central Labor College in London. Then he returned to Wales and threw himself with typical vigor into union activity and labor politics. In 1929, at the age of 32, he was elected to the House of Commons from Ebbw Vale. Since then, he has won every election with 80 per cent or more of the vote, or without opposition. No one would try seriously to beat him.

With the House of Commons as a sounding board for his class-struggle ideas, Mr. Bevan became the scourge of every Prime Minister from that time to this. Neville Chamberlain became a particular target. And, during World War II, despite a gentlemen's agreement not to criticize the coalition Government, he did not hesitate to bullyrag Winston Churchill. The latter has expended many of his choicest epithets upon the Welshman.

Party discipline never meant much to Mr. Bevan. He denounced Labor leaders and Tory leaders alike. But, in 1939, he

. . . Churchill and Attlee have been Bevan targets

got into trouble for insisting on a united front of Labor, Liberals and Communists. The Labor Party expelled him, but eight months later he was reinstated upon his promise to be good.

Cabinet member. After the Labor victory of 1945, Mr. Bevan became Health Minister, in the Government of Clement R. Attlee, and rigidly and uncompromisingly put the Socialist health program into effect, despite the clamor of physicians and Conservatives. Later, there were a few months as Minister of Labor. In 1951, seeing the health program menaced by Labor Party retrenchments, he resigned from the Cabinet. Rearmament, he believes, should never be accomplished at the expense of the welfare state.

Mr. Bevan's resignation came shortly before the return of Winston Churchill and his Conservative Party to power. Since then, Mr. Bevan has been potshooting impartially at Mr. Churchill and Mr. Attlee. He was elected, narrowly, to the "shadow cabinet," the leadership group of the Labor Party in the House of Commons. But, irrepressibly independent, he later resigned to dramatize a difference with the leaders.

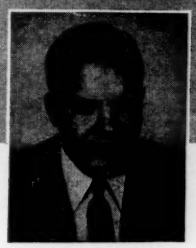
A few weeks ago, Mr. Bevan not only disregarded party orders on an important vote, but took occasion to question and ridicule Mr. Attlee from the floor of the House. That was too much. The men around Mr. Attlee insisted that Mr. Bevan be read out of the party. They won the first step, removing him from party councils in the House of Commons, but they won so narrowly as to leave uncertain the further action of actual expulsion from the party.

Radical's future. In any event, the row over Mr. Bevan has split the Labor Party into warring groups. Prime Minister Churchill can call an election at any time with every expectation of victory. Mr. Bevan, after a Labor Party defeat, may hope to move in and pick up the pieces of the party.

Best judgment, however, is that he will be unable to do so. If Mr. Attlee should be forced out, others of his own moderate wing would be expected to take over. Mr. Bevan would continue as M.P., outspokenly hostile to the U. S., more friendly to Russia, but the leader of a minority bloc, within a minority party.

For years, many British observers have predicted that, one day, Aneurin Bevan would be Prime Minister—a thought to make comfortable Englishmen and the U. S. State Department shudder. But, now 57 years old, Mr. Bevan will have to move a good bit faster if his great ambition in life is to be achieved.

Rockwell Report



by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

INEVITABLY, TAXES ARE MUCH IN OUR MINDS at this time of year. Still it always comes as something of a shock to see the degree to which taxes have become a part of our business life *all* year.

The combined taxes—income, capital stock, franchise, personal property, real estate, and sales and use taxes—paid by corporations make an imposing total. In addition, American business has become a major *collector* for various taxing authorities responsible for Unemployment Insurance, Social Security, Withholding Taxes, and various local Wage Taxes.

Last year our company filed 89 federal tax returns, 552 state, 37 county, and 95 city returns. The job of correctly making those 773 tax returns, some of them quite involved—plus the monumental task of computing and recording the maze of figures on which the various taxes are based—requires the full time of quite a number of our people.

And actually their salaries, office space, equipment, and supplies constitute still another tax which seems to be going ever upward. Our situation is complicated by the fact that we operate plants in so many different communities, but the basic problem is common to every company.

The other day one of our people jokingly remarked that in corporations —plus federal, state, county and city revenue departments—there are probably enough people making their living from taxes to constitute a sizeable voting block against any substantial tax relief. And no one laughed.

* * *

Rockwell-Nordstrom lubricated plug valves were originally designed and sold for the unusually difficult jobs other valves couldn't handle effectively. They were so successful that through the years they have tended to become "typed" for those jobs. Prospective customers (and even some of our own people) sometimes forget that if a valve is a good investment for difficult applications, it's a *doubly* good one for "normal" uses. Especially since, in most sizes and types, Rockwell-Nordstrom lubricated plug valves cost no more—and often less—than ordinary valves.

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Some time ago we produced two educational films for use by our own employees, and our customers. One documented the role of gas as a fuel in today's economy. The other was built around the conservation of water, an increasingly important problem in America. The two movies are effective in the employee education jobs for which they were intended—but what has surprised and pleased us is the extent to which they are being requested by service clubs, schools and other general audiences not at all directly concerned with the sale, servicing, or use of our gas and water meters.

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New Rockwell Products: A new *electric* taximeter, developed by our Register Division, not only provides more accurate fare computing than old style meters, but also eliminates that ominous ticking sound which has always reminded you of the cost as you rode. This new Rockwell-Ohmer meter will fit the glove compartment of even the smallest stock cab . . . A new 11″ metal-cutting lathe has been added to our Delta Power Tool line. The result of five years' research and development, it is particularly suited to school shop, tool room, and experimental department use as well as on the production line . . . An all-new Delta 14″ Drill Press offers eleven improvements to speed production, reduce operator fatigue, and facilitate precision work. At the same time it retains all of the features that made its famous predecessor the most widely used 14″ drill press in the United States.

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WHAT RUSSIANS WILL SEE ON IOWA FARMS

Russian farmers, visiting Iowa's corn-hog country, will find:

- **Farmers who are combination businessmen and crop experts, working hard for profits while managing and planning.**
- **Farm families who live well, own cars, have plumbing and home appliances and electricity like city dwellers.**
- **Farm methods, freely chosen, outproducing Russian state farms 3 to 1.**

A modern hog farm in Iowa will represent quite a contrast to what Russians know at home.

GRAND JUNCTION, Ia.

Royal Holz is a typical Iowa corn-hog farmer. When farmers from Russia come to Iowa the Holz farm is one that they are likely to visit to learn the latest techniques in American farming.

The Russians will see all through Iowa, as well as on this farm, agriculture that will open their eyes.

Here are farmers who are businessmen, mechanics, crop-production experts, veterinarians and laborers, all rolled into one.

There are no five-day weeks, or eight-hour days, for the successful Iowa farmer. Getting-up time on the Holz farm is 4:30 a.m. in summer; 5:30 in winter. Work may often go on until after dark.

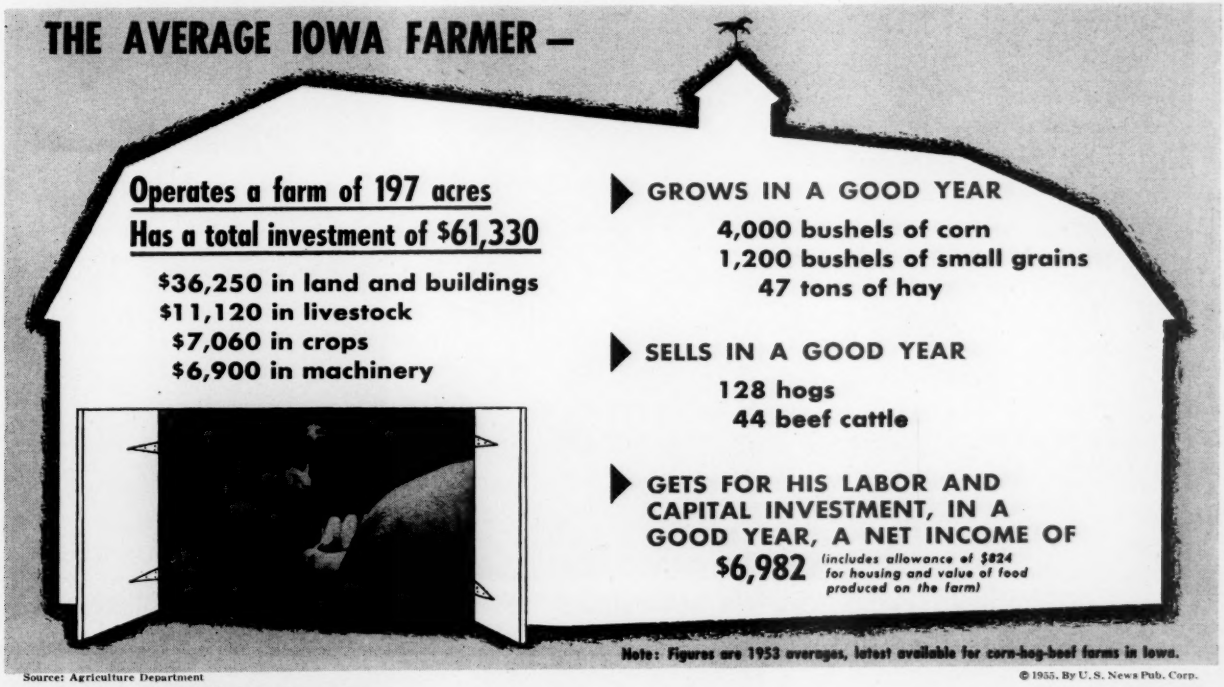
Yet compensations go along with the work. Iowa corn-hog farmers have not been hit as hard as many in the U. S. by the current farm-price decline. The Holz family, like most Iowa farm families, has a good automobile. There is hot and cold running water in their modern ranch-type home. Marie Holz cooks on an electric range, lets electricity help with much other housework.

The Russians will find, too, that Iowa farmers are as well educated as their city cousins. Mr. and Mrs. Holz both have degrees from Iowa State College, where they met and fell in love.

In Russia, Royal Holz and his family in the 1920s would have been classed as kulaks—the more prosperous peasants. They would have been liquidated and their land turned over to the Government for consolidation into the system of collective farms.

In Iowa, the Holz farm and many like it, examples of highly efficient farming, are pointed to with pride. These farms are among the most mechanized in the world. The American system of farming enables the average farmer to feed himself and 17 others, while in Russia a farmer is able to feed only himself and 3 or 4 others.

A man's own land. On the Holz farm, visited by a member of the Board


THE AVERAGE IOWA FARMER—
Operates a farm of 197 acres
Has a total investment of $61,330
$36,250 in land and buildings
$11,120 in livestock
$7,060 in crops
$6,900 in machinery
GROWS IN A GOOD YEAR
4,000 bushels of corn
1,200 bushels of small grains
47 tons of hay
SELLS IN A GOOD YEAR
128 hogs
44 beef cattle
GETS FOR HIS LABOR AND CAPITAL INVESTMENT, IN A GOOD YEAR, A NET INCOME OF
$6,982 (includes allowance of $824 for housing and value of food produced on the farm)
Note: Figures are 1953 averages, latest available for corn-hog-beef farms in Iowa.

Source: Agriculture Department

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[continued]

WHAT IOWA CAN SHOW REDS

of Editors of *U. S. News & World Report*, the Russians will find a sharp contrast to the agricultural system of their own country.

In Russia a farmer lives and works on a kolkhoz—collective farm. The land is owned by the Government and worked on a factory-like basis. Government has first claim on its produce.

No matter how efficiently the Russian peasant farms, he has no hope of achieving the universal dream of farmers: ownership of the land. This, plus the fact that he makes only a fraction of the wages paid his city cousin, makes him a sullen, unproductive worker.

But Royal Holz, like 75 per cent of U. S. farmers, owns his land. In partnership with two brothers he farms additional land that is rented from their dad on a crop-share basis. Part of the land owned by the elder Holz was passed down to him from his father. He will pass his land down to Royal and his other sons. And Royal Holz is already looking ahead to the day when he can help his three sons—Royal II, 8 years old; John, 5, and Howard, 3—get started in farming, if that is the career they choose.

His own boss. Unlike the Russian farmer, who must do everything according to bureaucratic directive, Royal Holz makes his own decisions. The market place tells him how much corn to plant and how many hogs and cattle he can profitably feed each year.

His hog-feeding plan for this year is a perfect case in point. Three different batches of pigs have already been farrowed—one batch in December, one in January and one in February. These pigs will be ready for market this summer, when Mr. Holz expects one of the peak price periods of the year.

Soon he will have the boars breeding two more groups of sows so that pigs will arrive in August and September and be ready for marketing the following spring, when Mr. Holz anticipates another seasonal price peak.

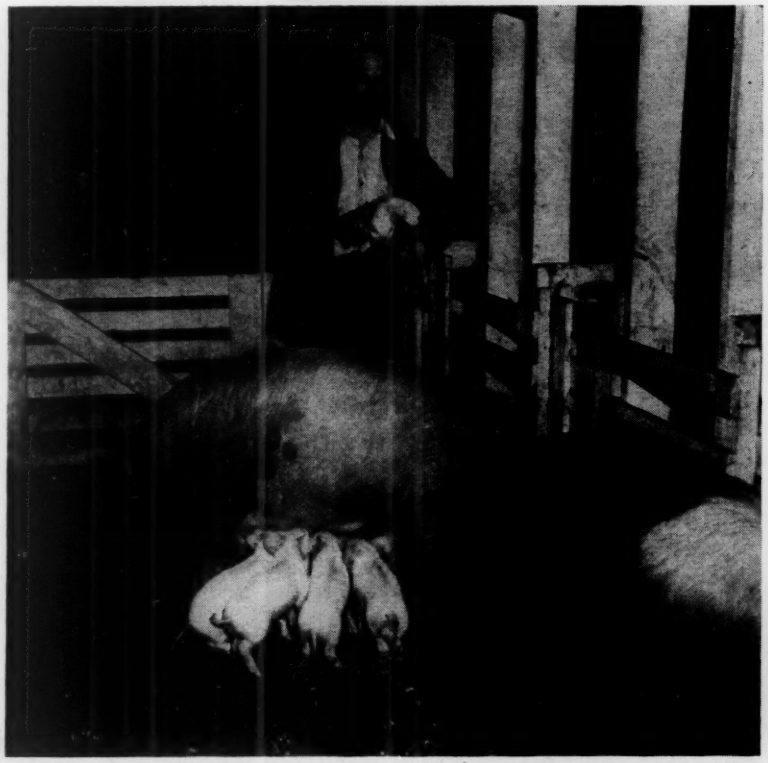
If Mr. Holz has judged these market trends correctly, he will profit. If his judgment is not so good, he will make less money. If it is consistently bad, he will sooner or later go broke. That is the American system of farming.

Making tall corn grow. Nikita Khrushchev, new Soviet boss, was right when he told the Russian farmers that they weren't growing enough grain and fodder to "provide a base for a mighty increase in livestock produce." But the peasants aren't likely to grow bigger crops under their present system.

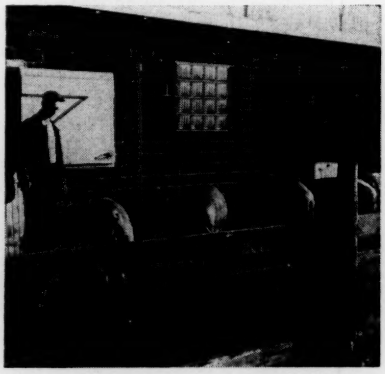
Royal Holz doesn't depend on a governmental official, sitting in a Des Moines or Washington office, to tell him when it's time to plant corn. He knows by the way the soil slides over his plow and by judging whether the spring sunshine has warmed the ground enough.

When he swings into action he applies

WHY AMERICAN HOGS GROW FAT



"CAFETERIA": ALSO IRON PILLS, ANTIBIOTICS



FOR THE SOWS: Scientific, modern obstetrical care

all the latest techniques of corn growing; not because some Government official tells him he must, but because he knows that every extra bushel he harvests puts more money in his bank account.

He selects a guaranteed hybrid seed that he knows, from long experience, is best suited to the soil and climate of his farm. Before he plants, he makes sure the soil is loaded with fertilizer—around 20 dollars' worth on each acre.

The bulk of this fertilizer is worked into the soil by plowing and disking. The rest is applied as "starter" fertilizer at seeding time to make sure the corn plants get off to a fast start. With this "starter" fertilizer is mixed a new chemical that guards the plants against soil insects and diseases.

To control the weeds that would smother the corn and rob it of soil moisture, Mr. Holz and his brothers cultivate it two or three times and spray it with a chemical weed killer. If the corn is attacked by the dreaded corn borer, or other insects, it is sprayed with another chemical.

These operations, so important to high yields of corn, are carried out when Mr. Holz's practiced eye tells him they must be done—not on orders from Des Moines.

And no Government official tells Royal when it's time to harvest the corn. He makes that decision himself by pulling an ear off the stalk, ripping back the husk and denting the kernels with his thumbnail. If it's ready, a powerful, self-propelled corn picker, which gobbles the ears off two rows at a time, moves into the fields. It gets the corn picked and in the bin before rain or snow can cut yields by causing some of the stalks to fall to the ground.

In return for their assiduous application of all these latest methods, the Holz brothers get better-than-average yields. During the last 10 years their land has produced an average of 90 bushels to the acre, well above the Iowa average of around 52 bushels per acre.

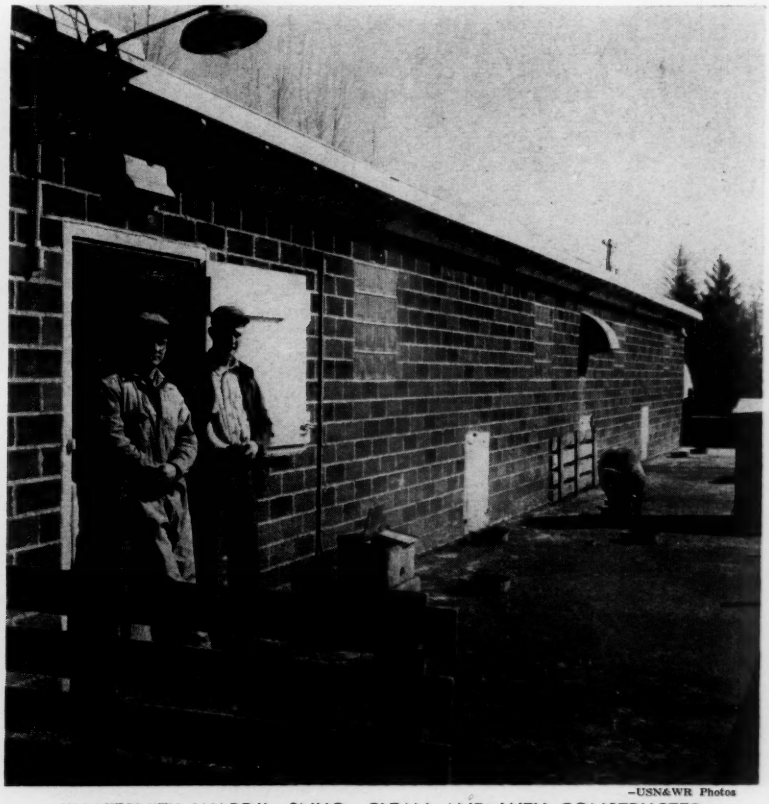
Machines for muscle. Russian farmers will carry back to Soviet boss Khrushchev a story of high mechanization on Iowa farms. Khrushchev, who said in a recent farm-policy speech that one worker on a collective farm should be able to take care of 250 hogs, will learn that three men on the Holz farm raise 500 to 600 hogs and feed 300 beef cattle every year. He will learn further that this takes only a part of their time; that the same three men also plant, cultivate and harvest corn, oats, hay and soybeans from 640 acres of land.

Royal Holz's brother Bill, the family engineer and mechanic, explains that machinery substituted for muscle is the key to handling this whopping production job. "We try not to do anything by hand that can be done with machinery," says Bill Holz.

There is, of course, machinery used on Russian farms. But, under the Communist system, the job specialization that works so well on the factory production line is applied with disastrous results to agriculture. The workers on collective farms aren't permitted to operate tractors, combines and other large machinery. For this they must call on workers in the machine-tractor station.

Royal Holz shakes his head at such a system. "You've got to keep this job flexible," he says. If Mr. Holz decides it's

FOR BABY PIGS: An infra-red lamp provides warmth



—USN&WR Photos

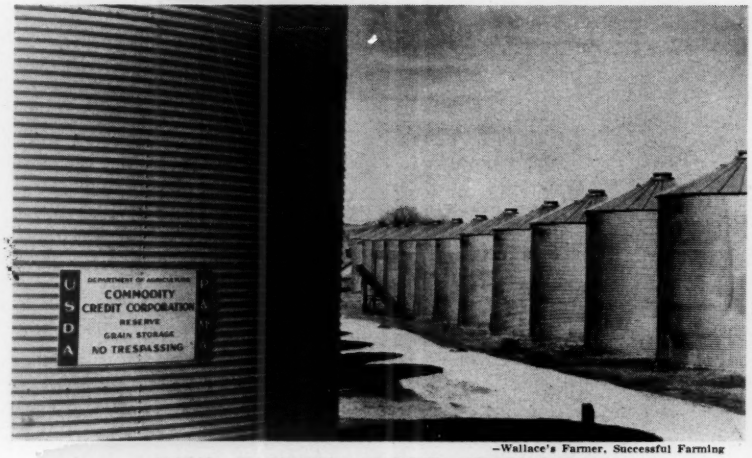
"MATERNITY WARD": SNUG, CLEAN AND WELL-CONSTRUCTED

WHY AMERICAN CORN IS PLENTIFUL

BIG PLOWS TO SPEED THE JOB

FOUR-ROW PLANTER

TWO-ROW PICKER



—Wallace's Farmer, Successful Farming

USING MACHINERY: BIGGER, BETTER YIELDS

time to harvest oats, he doesn't have to await the pleasure of the director of a machine-tractor station. A 10-foot combine is on the farm, ready to go into action. When he wants to pick corn, he goes to the machine shed for the two-row picker.

All told, the Holzes have around $60,000 invested in machinery. Major items of equipment include 5 tractors, 3 of them powerful enough to pull big plows that will turn over as much as 20 acres in a day. The 4-row corn planter will seed up to 50 acres a day in the skilled hands of one of the Holz brothers. The corn picker will harvest up to 2,500 bushels in a day. In addition there are the combine, a field chopper for making silage, a pickup truck, automatic unloading wagons, and a score or so of small pieces of machinery.

Royal Holz and his brothers have the advantage of the most modern machinery because they have farmed well enough to be able to buy it. If it is used efficiently it will bring them more profits. But, by the same token, if it is not used efficiently the cost of repairs and depreciation would eventually put them out of business. This is a risk that, year after year, pays off.

Obstetrics on the farm. Khrushchev, who has been scolding Russian farmers for their failure to increase pork production, would be amazed at the efficiency of pig raising on Mr. Holz's farm.

When the sows are "settled"—pregnant—Mr. Holz gives them some of the kind of attention an expectant mother gets from her obstetrician. He knows proper care and feeding are essential if the sow is to produce a large litter of "good doing" pigs. She gets enough alfalfa meal or pasture, depending on the season, to furnish needed vitamins. If the protein content of the feed is not high enough, protein supplement is fed. And the sow gets a special salt containing all the essential minerals.

When Mr. Holz's practiced eye tells him that farrowing time is near, he's never far from the farrowing house that is headquarters for baby-pig production. As soon as the sow's actions show that she's "going to pig soon," he puts her in one of the little individual hog houses, which serves as a sort of labor room. Here she gets thoroughly scrubbed with soap and disinfectant. Cleanliness is of paramount importance.

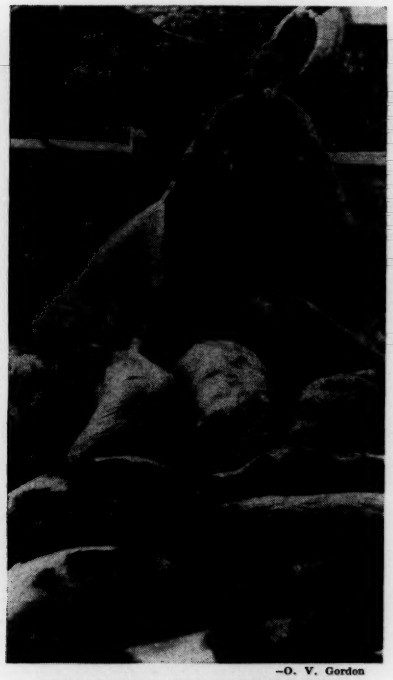
Next stop for the sow is the farrowing house. This well-constructed building will be a revelation to Russian farmers, frustrated as they are in their pig-raising efforts by poor livestock buildings—or no buildings at all.

The concrete floor and masonry walls enable Mr. Holz to scrub it clean and sterilize it with steam before a batch of

sows begins to farrow. Over each stall is an infrared heat lamp to warm the little pigs in winter. And a thermostatically controlled exhaust fan maintains proper humidity and temperature.

At this point, Mr. Holz's day becomes 24 hours long, because he must check on the sows every two or three hours and there will be anywhere from one to six of them in the farrowing house at once, ready to deliver little pigs.

Pig pediatrics. As the little pigs arrive, Mr. Holz makes sure they learn to creep under the partition at the side of their mother's stall to avoid being crushed when she lies down and also to take advantage of the infrared lamp that is installed to keep them warm.



—O. V. Gordon

SPRAYING WITH DISINFECTANT
. . . helps to grow the 220-pounders

Iowa pigs, even as Russian pigs, are susceptible to many diseases. However, the Russian visitors will find Mr. Holz making use of an amazing variety of medicines and fortified feeds to keep his pigs healthy.

On the fourth or fifth day after birth, the pigs get iron-enriched pills shoved down their throats to prevent anemia. At 10 days they go on a "prestarter" feed, fortified with vitamins and antibiotics, to supplement the sow's milk. When they are 3 to 4 weeks old they are weaned. At 7 to 8 weeks they are vaccinated for cholera. And all through the feeding period they get a special feed

(Continued on page 80)

America does business on

Nekoosa

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[continued]

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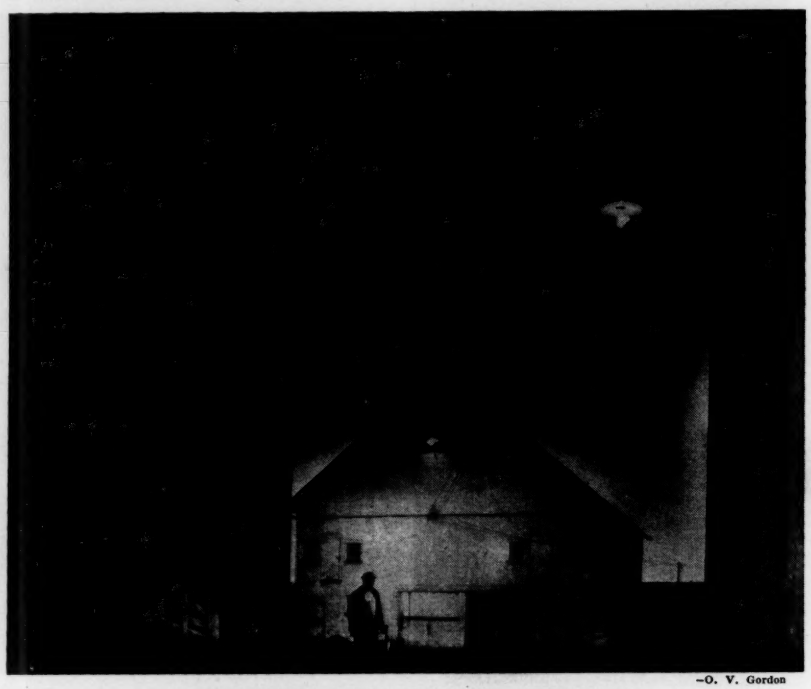
By plying the pigs with such personalized care and modern feed, Mr. Holz is able to put a 220-pound pig on the market in five and one half months. This is certain to astonish Russian farmers, who frequently have to market pigs at 100 pounds or less because there is not enough feed to fatten them more. Khrushchev made this a matter of record when he told the Communists that 22 per cent of the pigs are being delivered to market weighing less than 70 pounds.



—O. V. Gordon

WORK OFTEN GOES ON UNTIL AFTER DARK
. . . because of the market, not a decree

Unlimited capacity. Khrushchev, who has been exhorting Russian farmers to get busy and end the food crisis, will hear from those who visit the U. S. that the capacity of Iowa farmers to produce is apparently unlimited. For instance, last year the Holz brothers raised corn on only 240 acres, but they figure they can go well over 300 acres of corn each year with present knowledge and still maintain the fertility of the soil.

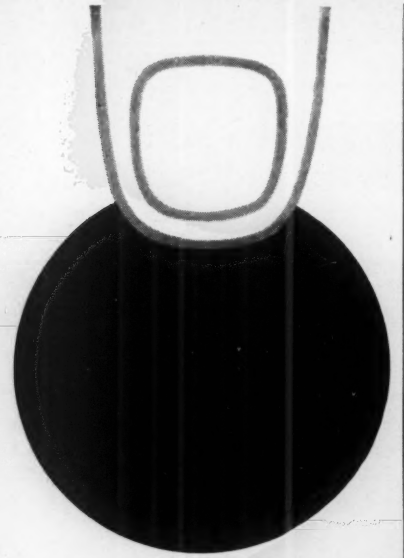
And new knowledge on corn growing now is being developed in the laboratories and plots of the agricultural-experiment stations. Right now some scientists are convinced that it is possible on the most level fields of the corn belt to raise corn year after year and actually build fertility in the soil.

Livestock-feeding developments, too, are coming thick and fast. Beef-cattle experts at Iowa State College have shown that dry cornstalks, supplemented with vitamins, minerals and protein, are an economical feed for cattle. This opens up a vast new source of feed, ready to be tapped when needed.

Just this year the Holz brothers, and other progressive Iowa cattle feeders, have started feeding stilbestrol, a hormone that is mixed with feed rations to make cattle gain faster. Experiments at the Iowa agricultural-experiment station show that, on the average, stilbestrol increases weight gains by 19 per cent and reduces feed costs by 11 per cent.

Thus the Russian farmers will see that it isn't just rich, black Iowa soil that enables Royal Holz and his brothers to produce such whopping yields of corn, pork and beef. More important, they will find, is the American system of freedom and market incentives.

In the opinion of U. S. farm experts, a visit of Communist farmers to Iowa is not likely to bring great increases in Soviet food production unless the Kremlin is willing to apply that American system to Soviet agriculture.



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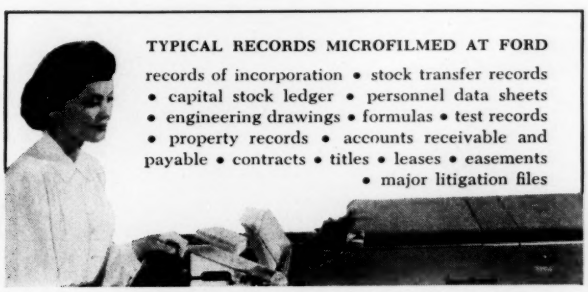

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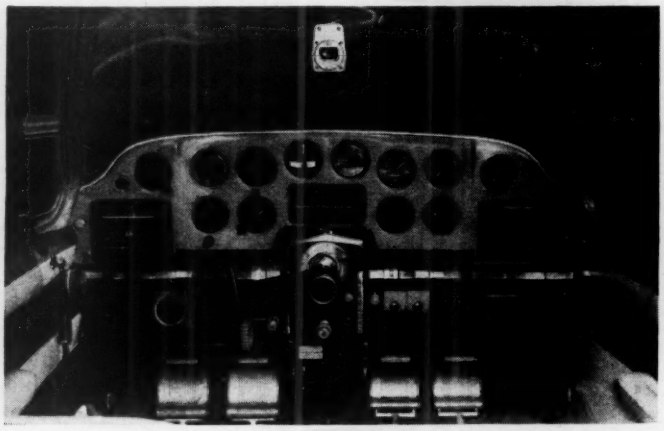

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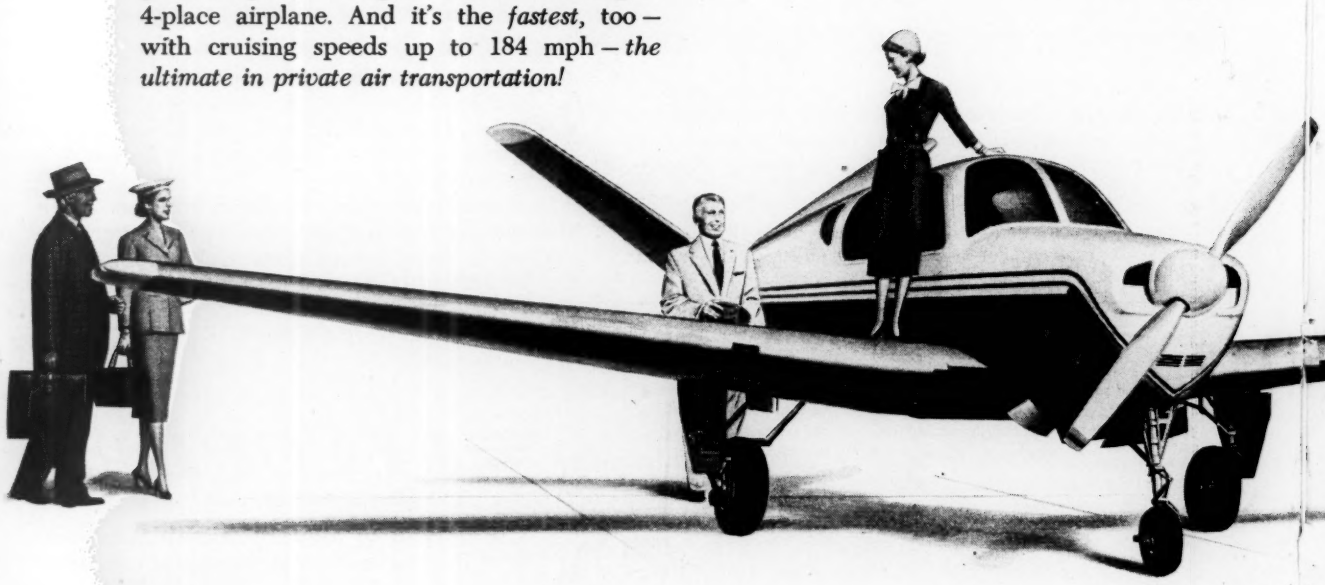

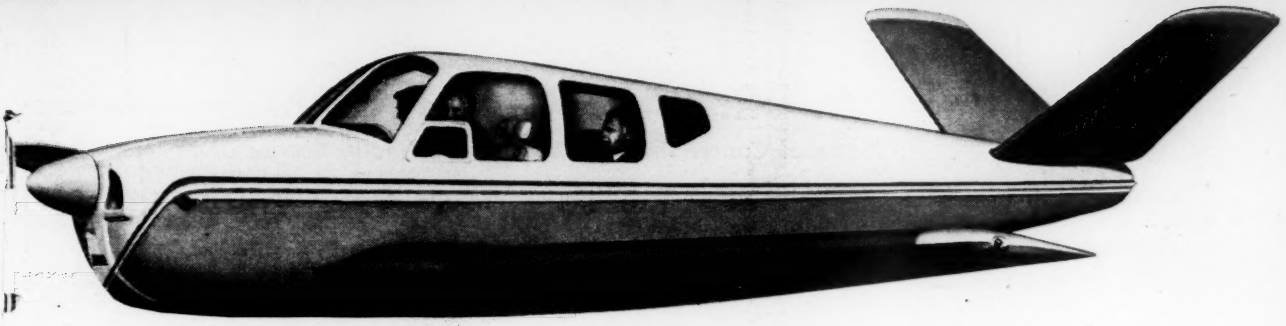

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Interview with DR. RAYMOND F. KAISER

National Cancer Institute, U.S. Public Health Service

"CANCER CAN BE CONTROLLED"

Latest findings in studies on cancer now prove that it can be controlled.

Scientists reveal that new medical knowledge could save the life of one out of every three persons now dying from cancer—if the disease is detected early enough.

But how early is early enough? What steps can a person take to make early discovery possible? Just what are the chances of an individual's developing cancer, anyhow?

Members of the Board of Editors of *U.S. News & World Report* posed these questions—and others—in an interview with Dr. Raymond F. Kaiser, an authority on cancer control. Dr. Kaiser is chief of the field investigations and demonstrations branch, National Cancer Institute, U.S. Public Health Service. His answers follow.

Q Aren't people too afraid of cancer, Dr. Kaiser? Isn't there such a thing as cancer phobia in this country?

A Oh, I think there is, but I don't think it's any greater in relation to cancer than it was, say, in relation to tuberculosis or venereal disease or any of the other disease problems that received a lot of public attention.

Q Some people say: "I don't want to know; if I'm going to get it, I'm going to get it. I don't want to go to a doctor and find out!" What are you going to do about them—scare them?

A No, I don't think we want people scared about cancer. We want them to be alert to it and aware of the possibilities.

Q Should an individual at a certain age start having periodic examinations to detect cancer?

A Yes, I would say very definitely.

Q How often?

A I would say once a year, and I would begin at 35 years of age.

Q And a chest X ray every six months?

A That would be particularly valuable in men 45 years of age.

Q Could there be a reason why people don't have these examinations?

A I'm sure that all of us have a certain amount of inertia to overcome in making up our minds to submit to periodic examinations. This is partially due to the fact that we have been schooled to think that there is nothing wrong with us unless we have pain or discomfort somewhere.

Q Isn't it true that people could be examined very thoroughly and still develop cancer without its being detected in those examinations?

A It is possible, since like so many things in life the periodic examination is not 100 per cent effective. But such a procedure greatly enhances your chances of having it discovered.

Q But it is a large enough percentage that you would give it credence?

A Yes. Definitely. Since more than 50 per cent of cancers occur in sites which are accessible to direct examination by a physician, the more frequently he has an opportunity to observe and examine those areas of the body the more likely he is to discover cancer.

Q He can actually see and touch those areas?

A Yes.

Q Then the job is to sell the public on the big percentage of detection that is feasible through these examinations?

A Definitely yes.

Q But the idea is not so much prevention as it is discovery so that you can remove the cancer?

A That's what we can do now with the information that is currently available about cancer.

Q Then the key word is "control"—that cancer can be controlled—

A And by that we mean controlling the mortality from the disease.

Q Is there any immunity to cancer?

A No, unfortunately.

Q Is it known what causes cancer?

A No, it isn't.

Q You stress early discovery of cancer. What exactly do you gain by early discovery of cancer besides the knowledge that you have cancer? How many years can you add to your life? What are the odds of a real cure?

A Chances for effective treatment are greatly increased by early diagnosis. As for cures, we speak in terms of five-year survival. The percentage of cancer patients surviving five years after diagnosis is a useful measure of the effectiveness of treatment. This percentage, we know, is much higher among cancer cases diagnosed early than for those diagnosed late. Unfortunately, with present knowledge, little can be done to extend the life of a person whose cancer is found late—after it has spread from the original site to other parts of the body.

Q If you could detect cancer early enough, what would the cure rates be for some of the common types?

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Needed: Periodic Examinations for Everyone . . . Cancer's Seven "Danger Signals" . . . Real Progress Being Made With Some Types

A We could save at least one third more people than we are saving now.

Q And these people could be saved for five years?

A Yes, and even longer than that.

Q Actually, don't most women live a long time after a breast cancer has been removed, for instance?

A Oh, yes. There are thousands of women who have been treated who have lived far beyond the five-year period which is regarded as a "cancer cure."

Q And the record is pretty good on that?

A Yes.

Q Do you have figures on whether women discover cancer earlier than men?

A I think we can say "Yes" to that because women are a little more health-conscious than men about most disease conditions.

Q Do you feel definitely that cancer can be prevented?

A I think prevention is our biggest hope. At the moment the one thing we have to cling to is catching it at the earliest possible stage so that we can prevent mortality from the disease.

Q When you say "catching it early," do you mean preventing cancer?

A I mean the individual physician finding it and diagnosing and treating it.

Q Does that mean that by finding it early you can prevent it?

A No, it does not. By prevention I mean removing the cause.

Q People may not co-operate, but if they did what you wanted them to do, they might prevent it—is that it?

A I think there are some areas where that is true.

Q What about the danger signals that have been described as connected with cancer—is that a guess, or do you have some knowledge that those symptoms are closely related to cancer?

A Those danger signals are associated with specific types of cancer. Cancer of the lung, for instance, with coughing. Practically all people with cancer of the lung at some time or other develop a persistent cough that doesn't disappear.

Q What are the various signs? Is there an established group of signs?

A There are at least seven danger signals, frequently quoted, such as any change in the color and size of a wart or mole. That particular sign may be related to skin cancer.

Q What are some of the other cancer signs?

A Persistent hoarseness may be related to cancer of the larynx—voice box. Persistent indigestion may be related to gastric cancer—stomach cancer.

Another sign is irregular bleeding or discharge from a body opening. A change in bowel habits almost always accompanies cancer of the rectum or colon.

Q What do you mean by change of bowel habits—constipation?

–USN&WR Photo

DR. RAYMOND F. KAISER

A Yes. Or if an individual who is more or less chronically constipated starts having diarrhea, then something is wrong.

Another sign is a lump in the breast. Now, that sign has a little more meaning in relation to breast cancer.

Q Is that in both men and women?

A It does occur in both sexes, but it is rare in males. However, breast cancer is one of the commonest types in females.

Interestingly enough, in most cases the woman herself finds a little mass or thickening in the breast which prompts her to seek medical attention.

Q Even before she has any serious pain?

A Yes. Pain is not an early sign of any type of cancer.

Q What about a sore that doesn't heal?

A Frequently, such a condition may be the beginning of a skin cancer.

Q How can you tell whether something is cancerous or not?

A Only by taking a piece of the tissue itself and examining it microscopically. In fact, that is the only way a positive diagnosis of cancer can be made.

Q You quite often see the statement made that if cancer is found early enough, there is quite a high percentage of cure compared with the late-discovered cancer. How early is early?

A Generally, when medical authorities speak of an early cancer they mean one that is localized, without any evidence of spread, and is amenable to treatment. For example, there is a lesion called "carcinoma in situ" that occurs in the cervix

(Continued on next page)

. . . Recommended: "chest X rays for men over 45"

—the neck of the womb—which many authorities believe is the earliest form of this type of cancer. There is a time, a latent period, when it doesn't invade or spread. Then, after this period of time, which may be as long as 7 to 10 years, that same lesion becomes invasive, for reasons we don't understand.

Q What hope is there for discovering cancer early?

A As one step in meeting this need, we have been working on the possibility of developing a general diagnostic test, possibly a blood test. There have been hundreds of such tests reported in the literature, but at the moment there is no general test that will pick up all types of cancer.

PROGRESS ON TESTS—

Q Are there any that are promising?

A There are a couple that we are checking at the National Cancer Institute, but it is much too early to report results.

We don't have a satisfactory general diagnostic test for cancer, but we know there are curious and subtle changes in blood proteins and other body fluids which can be detected. Since 1948, a variety of diagnostic tests have been developed and evaluated in research sponsored by the Institute. So far, none is accurate enough for clinical use, but the fact that some of them work to some extent indicates that something tangible occurs in the body of a cancer patient which may be susceptible to measurement in a diagnostic procedure. Continued intensive research along this line is warranted and may lead to a reasonably satisfactory general diagnostic test for cancer.

Q Well, if you hope to find a single diagnostic test, do you have any hope for a single cure—ever?

A I hope to find a general test or more probably a battery of tests which may uncover all types of cancer.

Q And a single cure or a battery of cures?

A Yes.

Q What is the period between the appearance of cancer signs and the serious stage in the illness?

A I would say that any time one of these signs is observed, it should be considered seriously enough for the individual to have an immediate checkup by his physician.

Q If pain is not a sign of early cancer, is it then a sign of late cancer?

A Practically all advanced cancers have pain.

Q You've said periodic examination is presently the best way of finding cancer early. What do you mean by "periodic examination"?

A A complete physical examination at least once a year, particularly for people over 35 or 40 years of age.

Q Can one's family doctor do this?

A Yes. More than one half of all cancers start in parts of the body that can be examined easily by the doctor during an ordinary office visit.

Q What should be included in such an examination?

A Cancer can develop in any part of the body. The sites where it is most likely to occur in men are different from the most likely sites in women, so the examination procedures would vary. By and large, though, the procedures should include examination of the skin, body openings, breast, heart, liver and reproductive organs. In the female, the procedures should always include a pelvic examination and the taking of a vaginal smear. In the male, a digital rectal examination should be included.

Q And a chest X ray should be included?

A Yes, especially in men over 45 years of age.

Q Would the usual chest X ray for tuberculosis uncover cancer of the lung?

A The percentage of lung cancers found that way has been rather small. It's difficult to pick up an early, silent lung shadow on one of those small X-ray plates.

Q But on a large plate would it show up?

A Yes, a lung shadow would be easier to see.

Q Are you saying, then, that an X ray is enough to detect lung cancer?

A I don't say that it will detect all cancers of the lung, but it will help discover a sizable number of such cases.

Q Should a person have, at regular intervals, a gastrointestinal examination—with the flouroscope and all that? Is that valuable?

A Very definitely, particularly in an individual with stomach distress.

Q Is it expensive?

A It is rather expensive. Some authorities have adapted a technique for using small X rays for gastric-cancer [stomach-cancer] screening of people in clinics. This technique has uncovered a number of early gastric cancers, at a much more reasonable cost.

Q Is this a complete gastrointestinal examination?

A No, it isn't a complete series. If something suspicious is found, then a complete gastrointestinal series is done.

Q The person who has no particular symptoms of cancer but feels some concern about it from time to time—should he go to a cancer clinic? Or is it enough that he go to his family physician? What would be your advice to an ordinary man with no particular symptoms?

A I think now the family physician is aware of cancer, and certainly most physicians are in a position to do a good physical examination for it.

Q Is such an examination expensive?

A As a general rule, it isn't.

Q Is gastric cancer a common type of cancer?

A Yes, it is one of the commonest in males.

Q What is the top?

A Right now, lung cancer.

Q Is the incidence of cancer greater among women than among men?

A Well, the incidence of certain types is greater. For example, there is a lot more breast cancer in women. Uterine cancer is another leading type in women. The most common types in men are lung and gastric cancer.

CANCER AND AGE—

Q Is there a dangerous age?

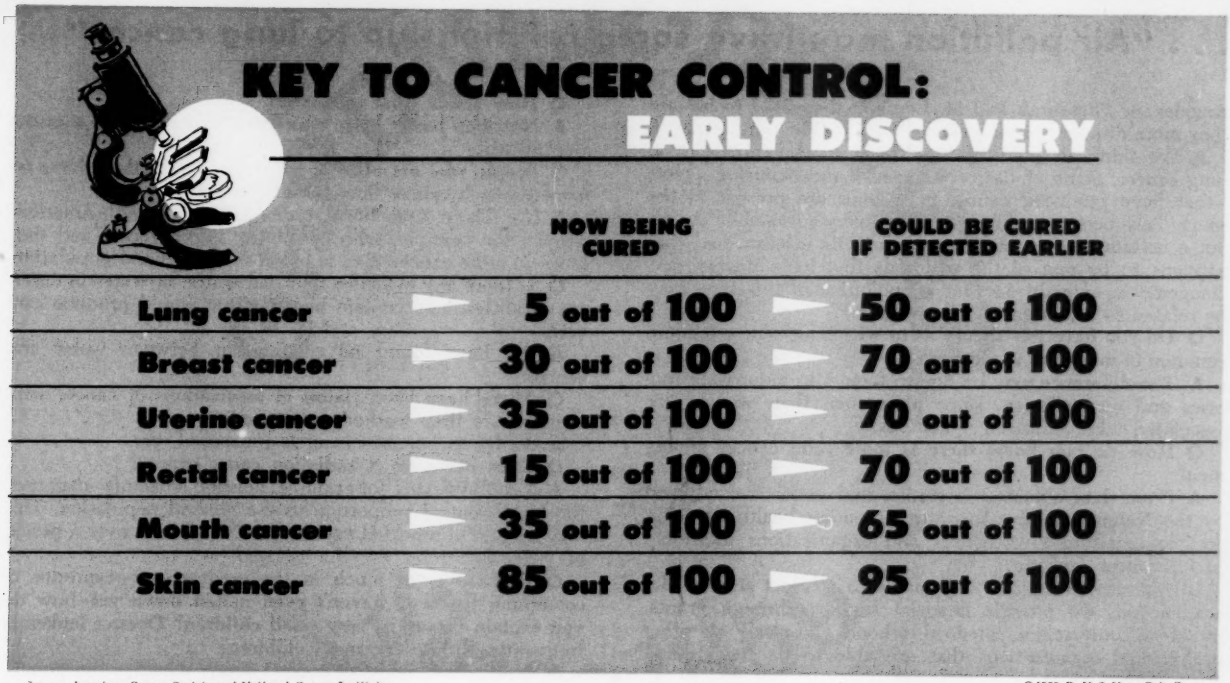
A Cancer can occur at any age. It appears most often in both men and women over 35, but younger people and sometimes even babies get it.

Q Toward what are you directing your efforts in handling the cancer problem?

A Developing ways of discovering cancer in the individuals at the earliest stage of a disease so that they may be adequately treated and the mortality for cancer reduced.

Q That means finding out where it starts and how you can get at it?

A Yes, and bringing that information to the people and getting the people to do something about it. The American people are accustomed to thinking largely in terms of curative medicine. Their exposure to preventive medicine has



Source: American Cancer Society and National Cancer Institute

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been limited to such things as smallpox, typhoid fever, diphtheria inoculations. What is needed is a change in our concept of disease problems to the extent that an individual will do something about his physical state while he is still healthy.

Q How does examination help solve the problem?

A Let's take lung cancer as an example. The examiner gets a chest plate of you and sees a small shadow there. You may not have any cough or symptoms associated with it. But he knows that something is wrong, and by additional examinations he can get specimens of various types from within the lung from which a diagnosis can be made.

Q Is there any way at all that he can detect a bone cancer at an early stage?

A No, not at an early stage.

Q Is bone cancer very common?

A No, it is rare.

Q Is there cancer of the gall bladder?

A Yes. In fact, there is practically no tissue of the body in which cancer has not been found.

Q Well, the commonest cancers in men and women—are they easy or difficult to detect?

A I can say "Yes" to part of that and "No" to part of it. Lung cancer is relatively easy to detect. Gastric cancer is not. That is what we call a "hidden" cancer of the intestinal tract.

Q And those are the commonest in men? Now, in women, where you have cancer of the breast and reproductive organs, are these relatively easy to detect by normal examinations that you get in a doctor's office?

A They are. In fact 90 per cent of breast masses are first found by women themselves before they go to a physician. If all women could be taught to examine their breasts routinely, more cancers would come to the attention of physicians.

Q Do these masses in the breast come and go, or do they stay, once they are there?

A They stay, once they come.

Q A lump that is not malignant at first—might it later become malignant if not removed?

A No. If they are benign, they remain that way.

Q I see you are smoking a cigarette. Do you feel that the research to date has not been conclusive on cigarettes and lung cancer?

A I would say it appears that heavy cigarette smokers have more lung cancer than nonsmokers, but to our way of thinking that isn't saying that smoking causes lung cancer. There are a number of studies being conducted concerning this possible relationship which I think will bring the answer in time.

Q Have you cut down on the number of cigarettes you smoke?

A I personally, no.

Q You state it as though the odds are that cigarette smoking is a cause of cancer of the lung, but that hasn't caused you to stop smoking. Would the definite knowledge that it causes cancer lead you to stop smoking?

A I would have to answer that "Yes"—if I were definitely convinced of it. I think that cancer is a disease that probably has many causes. I think that cigarette smoking might be one of these factors in an individual who has a predisposition to cancer. But there are many individuals who smoke heavily all their lives and never develop cancer.

Q Is there any indication at all that there might be some agent that makes it catching or communicable?

A No. There is evidence that some materials we are exposed to in our environment, such as tars and petroleum products, will produce cancer.

Q But human cancer is not caused by a virus or anything of that sort?

A No, nothing of an infectious nature.

Q What about people living in the smoggy areas like Los

(Continued on next page)

. . . "Air pollution may have some relationship to lung cancer"

Angeles, or Pittsburgh and St. Louis as they used to be—are they more disposed to lung cancer than people in other areas?

A We think air pollution may have some relationship to lung cancer. Some of the carcinogens—cancer-causing agents—that have produced cancer in animals are present in the smog. Take benzpyrene for example. Every automobile throws out a certain amount of benzpyrene in its exhaust, and that happens to be one of the materials that have proven carcinogenic in animals. So that air pollution of this type may be related to the increase in lung cancer.

Q Do you have any theory as to why lung cancer is more common in men than in women?

A The difference may be due to factors in industrial processes and air pollution, since more men than women are associated with industrial operations.

Q How do you know there is more lung cancer among men?

A From data obtained in studies and research conducted by the National Cancer Institute, numerous health agencies, and co-operating investigators and organizations interested in the cancer problem.

In instances where we are unable to conduct studies that are needed, we provide financial support—through grants-in-aid—to universities, medical schools, hospitals or other professional organizations that are able to do the studies.

THE ROLE OF SURGERY—

Q When cancer is detected, what is the answer—surgery?

A Surgery and radiation. By and large, in this country surgery is more frequently used. Some of the European countries favor radiation.

Q You can do something about cancer if it is caught early, is that it?

A Yes, in most cases.

Q Historically, is there any evidence that the present century has seen a rise in cancer? Numerically it might be larger, due to the increase in population, but what about percentagewise? Do you know whether 200, 300 years ago they had this problem?

A The problem existed, but there is a lot more now than there was at that time.

Q Percentagewise?

A Yes.

Q Is that true for all age levels?

A Yes, that's true. Especially for lung cancer, which has increased greatly in recent years, almost in keeping with the industrialization of the country.

Q Do city dwellers have more lung cancer than country dwellers?

A Yes, they do.

Q Does that tie in with the air-pollution theory?

A It may. In the countryside, you get considerably more dilution of air pollutants. There are several hundred chemicals and other materials that have been proven to cause cancer in laboratory animals. Some of these things are encountered by people every day. We think that if exposures to those substances are related to cancer, there must be a long latent period involved. The frequency and extent of exposure may also be factors.

Q So that the kind of work one does and where one lives may have something to do with it?

A Yes, that may be true.

Q How about what one eats?

A Nutrition hasn't been associated with cancer as a causative agent.

Q People who eat a lot of hot, spicy foods, then, have no more stomach cancer than those who don't?

A No. There have been studies on the Spanish-American people, for example, who eat highly spiced foods, and they have no more cancer than is found in the general population.

Q Is there any evidence that bad water, or water in different localities, may contain bacteria that would produce cancer?

A We have found no relationship between water and cancer.

Q There have been claims of associations of cancer with viruses. Are they washed out entirely?

A As far as human cancer is concerned, yes.

Q Does excessive X radiation cause cancer?

A Yes. Physicians, for example, develop leukemia—cancer of the blood—out of proportion to the general population. This may be due to repeated exposure to X radiation over a period of years.

Q If there is so much in the environment—exposure to something that you haven't even nailed down yet—how do you explain cancer in very small children? Doesn't leukemia frequently strike very small children?

A Almost invariably. We don't know whether the youngsters have had any kind of exposures that may relate to it. The environmental theory doesn't explain all types of cancer, of course. Most authorities believe that in cancer we have a group of diseases in which there may be many causes operating.

SKIN CANCER FROM SUN?—

Q What about exposure to the sun? Is that related in any way to skin cancer?

A Yes. We know that the sun's rays can produce skin cancer. For example, there is more skin cancer in people of the South and in farmers and sailors and other individuals exposed to the elements.

Q You would have to be out in the sun a lot, though, I suppose. It is not just the summer-vacation exposure that would give you cancer, is it?

A No. That's right.

Q What does skin cancer look like when it starts?

A More like a small abrasion than anything else. It may take many forms, such as a sore that doesn't heal, a small fissure or crack in the skin, or a wart or a mole.

Q Is skin cancer much of a problem?

A Generally, skin cancer remains localized and doesn't spread, and can be treated successfully. About 95 per cent of skin cancers can be cured when treated early in the course of the disease.

Q Is there any link between cancer and stomach ulcers?

A No, except that surgeons say that the more peptic ulcers they operate on, the more cancer they find. But there isn't a direct relationship.

Q Is there any evidence of tension and nervousness being related to development of cancer?

A None that we know.

Q If one is going to worry about cancer, is he more likely to get it?

A No.

(Continued on page 90)

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. . . Heredity and cancer: "We don't have the answer as yet"

Q What about business executives or others who work under a lot of tension? Is this likely to set off a chemical change in the body that triggers a cancer-causing reaction?

A No such relationships have been established.

Q There is no causal relation between hard work and cancer?

A I'm afraid not.

Q You hear some arguments about hormone disturbance being related to cancer. Might not an individual under stress and strain be changing his hormone output?

A He very definitely would be changing his hormonal output. The theory of hormonal disturbances being related to cancer is one that is being thoroughly investigated. However, it doesn't appear to apply to the development of all types of cancer.

Q What do you mean by the hormone theory?

A That there is some sort of a disturbance in the hormone base of the individual.

Q The body chemicals get upset, is that the idea?

A That's right.

Q Are there enough doctors in this country to give people the examinations they need for cancer?

A No, I would say that there probably are not. That's why we are so interested in a test that would sort out the people who would be most likely to have cancer.

Q There is no way to tell whether a person is susceptible to cancer or not?

A None at present.

Q And someone who has a family history of cancer is no more susceptible to cancer than someone who has no history of cancer in his family?

A That is one of the problems we are investigating. We don't have the answer as yet. When most people speak of heredity, they mean that the individual gets the cancer directly from the parent tree, so to speak. That, we're pretty sure, doesn't happen.

Q In other words, a woman whose mother had cancer shouldn't necessarily worry that she is going to have it?

A No, we don't have enough data to tell her to worry.

DIAGNOSES: MORE ACCURATE—

Q If heredity isn't a factor, how do you account for continuing increase in cancer?

A Well, for one thing, the physicians are making more accurate diagnoses now. So the number of cancers have increased somewhat on that basis. Another factor is the aging of our population. More people are in the older age groups and have escaped the communicable diseases that were responsible for high mortality during previous decades. People are living in the older age brackets when cancer is more frequent. There's another factor. There is a real increase in lung cancer, which has been so great that it increases the total number of cancers.

Q Is that the only form of cancer that is rapidly increasing?

A Yes. I think we can say in relation to uterine cancer, for example, the mortality is sort of leveling off.

Q Is this true of other types of cancer?

A I think this could also be said about gastric cancer. We are not finding as many cases as we did previously, but there may be an element of misdiagnosis in relation to gastric cancer.

Q You said that lung cancer is more frequent in the city than in the country?

A Yes.

Q Can you go beyond that and say that it is more frequent among, say, taxi drivers and people who are frequently on the street than it is among suburban dwellers who are not frequently in traffic areas?

A The answer to that is the basis for studies we are conducting right now. Eventually we hope to be able to answer those questions.

Q Would you say that a person who leads a very "healthy" life, in the sense that we think of exercise and proper care of one's self, is less likely to have cancer?

A There seems to be no relationship.

Q Does obesity have anything to do with it?

A It seems not to have.

Q What about sedentary occupations—white-collar workers versus laborers?

A Cancer occurs in all types of individuals from every walk of life.

DANGERS IN INDUSTRY—

Q When you speak of preventive medicine, how does that apply to cancer? What does that mean in cancer when you don't know what causes it?

A It applies in its strictest sense to those cancers caused by environmental factors. As we isolate more of these environmental cancer-causing agents, it should be possible actually to prevent cancer through a reduction of exposures to such hazardous materials. Knowledge in this area is not extensive at the moment, but it is increasing. It is suspected that there are numerous carcinogenic materials handled in industry.

Q And that's only for lung cancer, isn't it?

A No. It might be cancer of a number of sites—for example, bladder cancer among workers who handle certain dyestuffs.

Q What is going on in the cancer world that you could tell us about that may give hope for tomorrow, or five years from now?

A There are many encouraging developments. One is in relation to cervical cancer. We are conducting a study in which a cytologic test is being used to screen all the women over 20 years of age in a community. We have found a large number of unsuspected cancer cases.

Q What is a cytologic test?

A A microscopic examination of body cells collected from the suspected area. In uterine cancer they are obtained by a simple vaginal smear.

Q Are these people who didn't know that they had cancer, and it was in a very early stage?

A That's right. I would say between 60 and 70 per cent of them were unsuspected. A large percentage of these were carcinoma in situ, which is the earliest you could possibly discover it.

Q And that is a cancer which can be cured?

A Yes, definitely. If this type of service could be made available to women throughout the country, and they had these smears taken at periodic intervals—say once or twice a year—I'm sure that we could practically eliminate the mortality from cervical cancer.

Q Can we get the public and the physicians to use this test?

(Continued on page 92)

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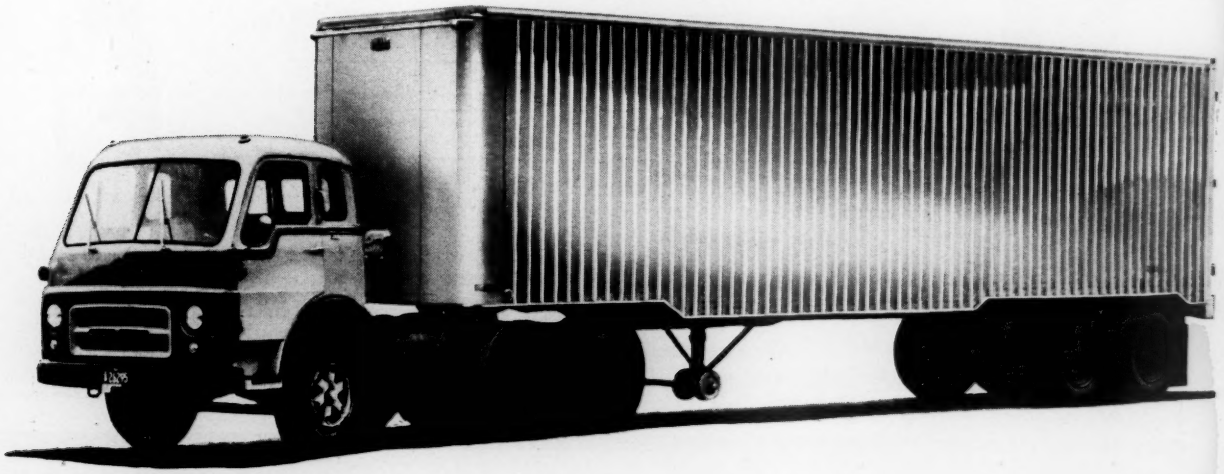


. . . "We could practically eliminate breast-cancer deaths"

A I believe it would be possible to do so.

Q It's simple enough so that a physician could do it, isn't it?

A Yes.

Q But what about the pathologist who has to decide whether there is cancer there or not—we don't have enough of them to examine every smear from every woman in the country, do we?

A Technicians can be trained to screen the smears, sorting out the suspicious slides for review by pathologists. In this way time required of pathologists could be reduced.

Q How widely accepted is the vaginal smear—by the experts, that is?

A I think it has gained considerably in acceptance in the last few years. I think it's fair to say that when it was introduced the pathologists were reluctant to accept it as a diagnostic aid. Consequently, the test had to prove itself scientifically, so to speak. Now it is being accepted by most of the pathologists.

Q Isn't there a point where the medical profession as a whole is informed by an authority that something is an accepted method now and they can go ahead as a group and try it?

A Ordinarily, acceptance is not accomplished in that manner. This is usually gained through the publication of data in medical and scientific journals. As the data are reviewed by others, they are stimulated to repeat the reported experience. If their data corroborate the original, the technique may be accepted by the individual. This is a slow process which is repeated over and over again until widespread acceptance is obtained.

Q But even if you have an authority that says "This is so," that doesn't mean it will be accepted?

A That's exactly right.

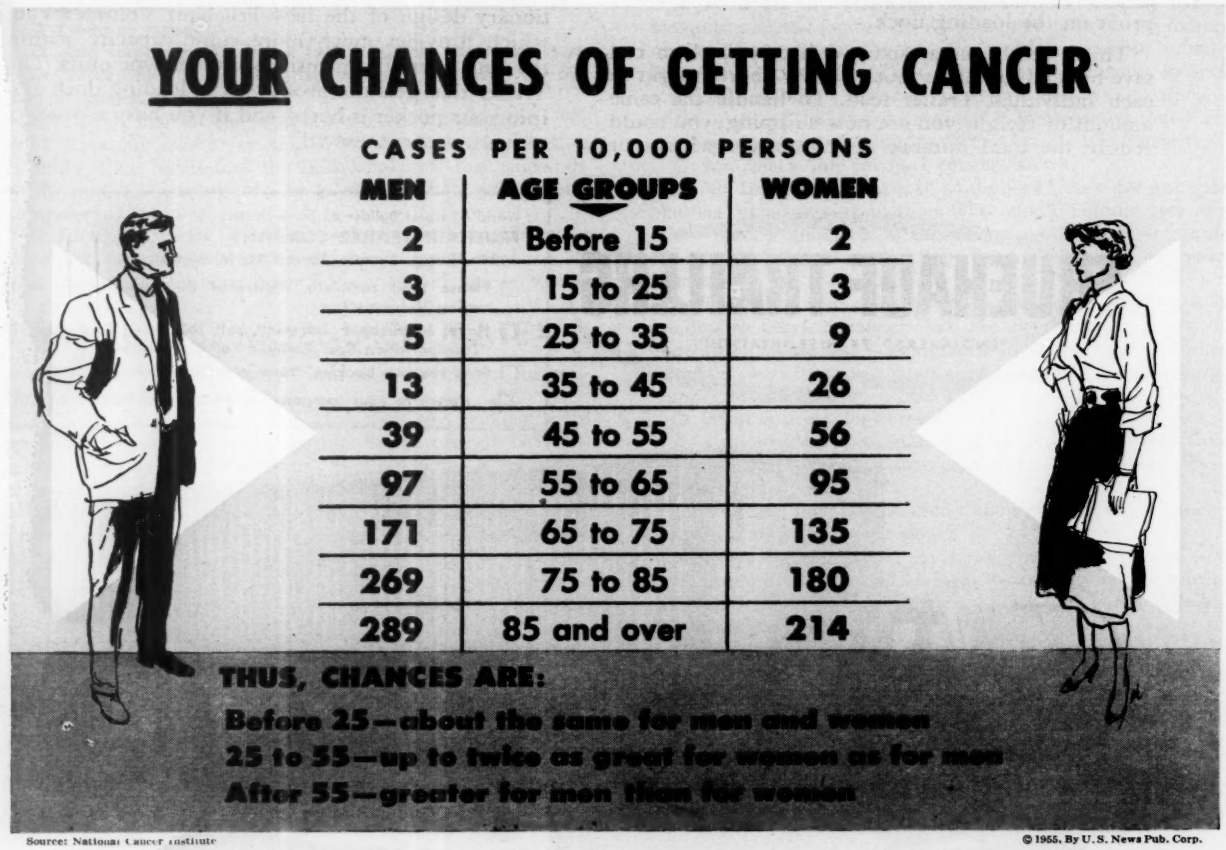
Q Can't you practically eliminate fatality in breast cancer? That's easy to detect and easy to remove—

A I think we could, if women could be taught to carry out periodic breast self-examination as a health habit. An attempt at teaching women such a practice is the basis of a film jointly produced by the National Cancer Institute and the American Cancer Society. We know that a number of breast cancers have been found by women as a result of their seeing this film. We don't know how many learned the technique and have continued to practice it. We don't feel that the film has reached more than 10 per cent of the potential audience.

Q Going back to symptoms, what is the manifestation of blood cancer?

A Usually masses appear in the neck or other parts of the

(Continued on page 94)


YOUR CHANCES OF GETTING CANCER
CASES PER 10,000 PERSONS
MEN | AGE GROUPS | WOMEN
2 | Before 15 | 2
3 | 15 to 25 | 3
5 | 25 to 35 | 9
13 | 35 to 45 | 26
39 | 45 to 55 | 56
97 | 55 to 65 | 95
171 | 65 to 75 | 135
269 | 75 to 85 | 180
289 | 85 and over | 214
THUS, CHANCES ARE:
Before 25—about the same for men and women
25 to 55—up to twice as great for women as for men
After 55—greater for men than for women
Source: National Cancer Institute
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. . . "We need more individuals trained in research fields"

body which are the result of enlargement of lymph nodes and the individual suffers fatigue, weakness and general lassitude. The diagnosis is made on the basis of microscopical examination of a blood smear.

Q Shouldn't there be samples of blood taken, too, in periodic tests? How else would you know you are getting cancer of the blood?

A Since it is one of the rarer types of malignancy it is doubtful whether it would be practical or economical to do periodic routine blood smears on large groups of people.

Q Is it a gradual thing, or sudden?

A Usually it appears to strike suddenly. The youngster may be attending school one day, the next day he just doesn't feel good. Usually the symptoms develop over a period of several days or weeks.

Q And it's very rare?

A It's one of the rarer types. It represents a little over 2 per cent of all types of cancer.

Q What can be done about leukemia?

A Many types of therapy have been attempted for this condition and do carry a certain amount of relief for the patient, but there is no cure as yet.

Q On the question of adequacy of cancer research, is enough money being spent on cancer research today?

A I would say probably not. For example, more needs to be done in finding the causes of cancer. Also needed are new ideas, new approaches to cancer research, and more individuals trained in research fields.

Q Could a good deal more money be spent on cancer-control programs?

A Definitely yes. There's one phase of cancer control I haven't mentioned, and that is cancer clinics.

Q What is the main reason we don't have more of them?

A Lack of financial support, I would say.

Q Is this a place where a person goes for a full physical checkup instead of going to his family doctor?

A No. The cancer clinic is a place where the family physician may obtain consultation service for a patient he suspects has cancer. Such a clinic has on its staff representatives of the various medical specialty groups concerned with the diagnosis and treatment of cancer. There are something like 640 approved cancer clinics in this country. At least twice as many are needed.

Q Can a patient go there on his own? Or does he have to be referred to the clinic by a physician?

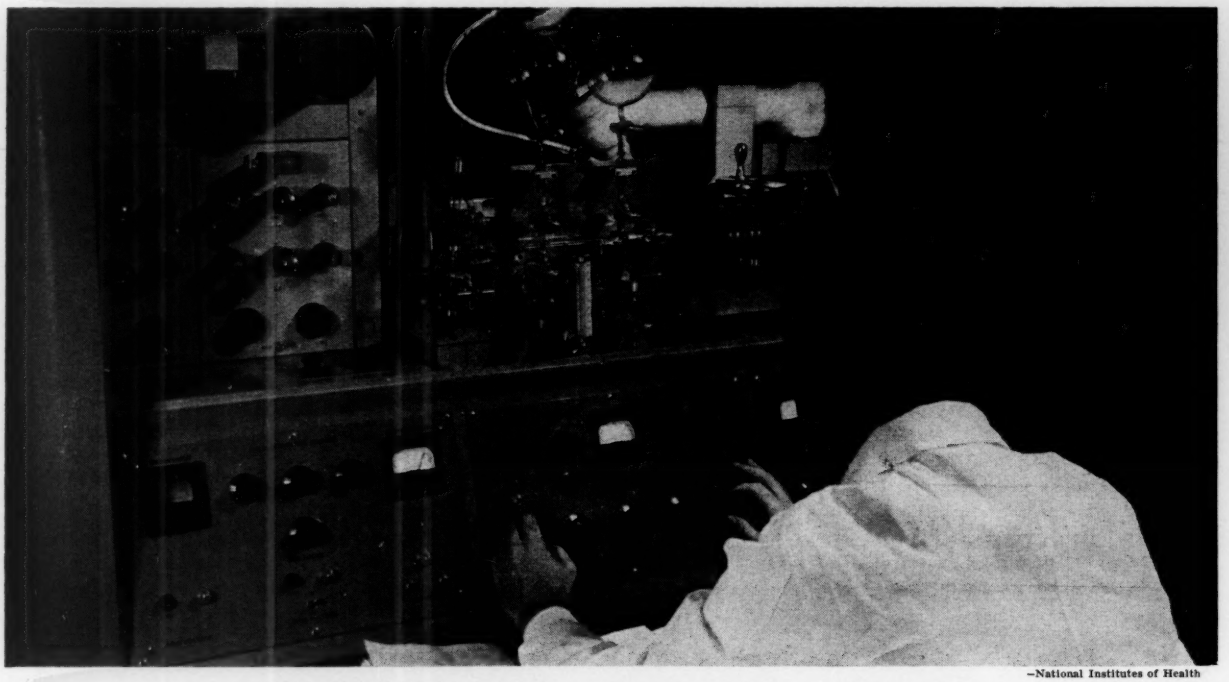
A The patient has to be referred by a physician.

Q Aren't there some clinics or centers that you can go to directly, without referral?

A There is another type of facility, called a cancer-detection center, where a supposedly well person can get examinations and services.

Q How many of those are there, do you know?

A At one time there were about 400 detection centers. But they have been on the decrease in recent years because many physicians have felt it would be more practical to have all physicians perform examinations for cancer —in effect making each physician's office a detection center. As a result, many of the detection centers have been converted for use as cancer clinics or to provide other types of cancer services.



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CANCER RESEARCH: "New ideas, new approaches" are being sought

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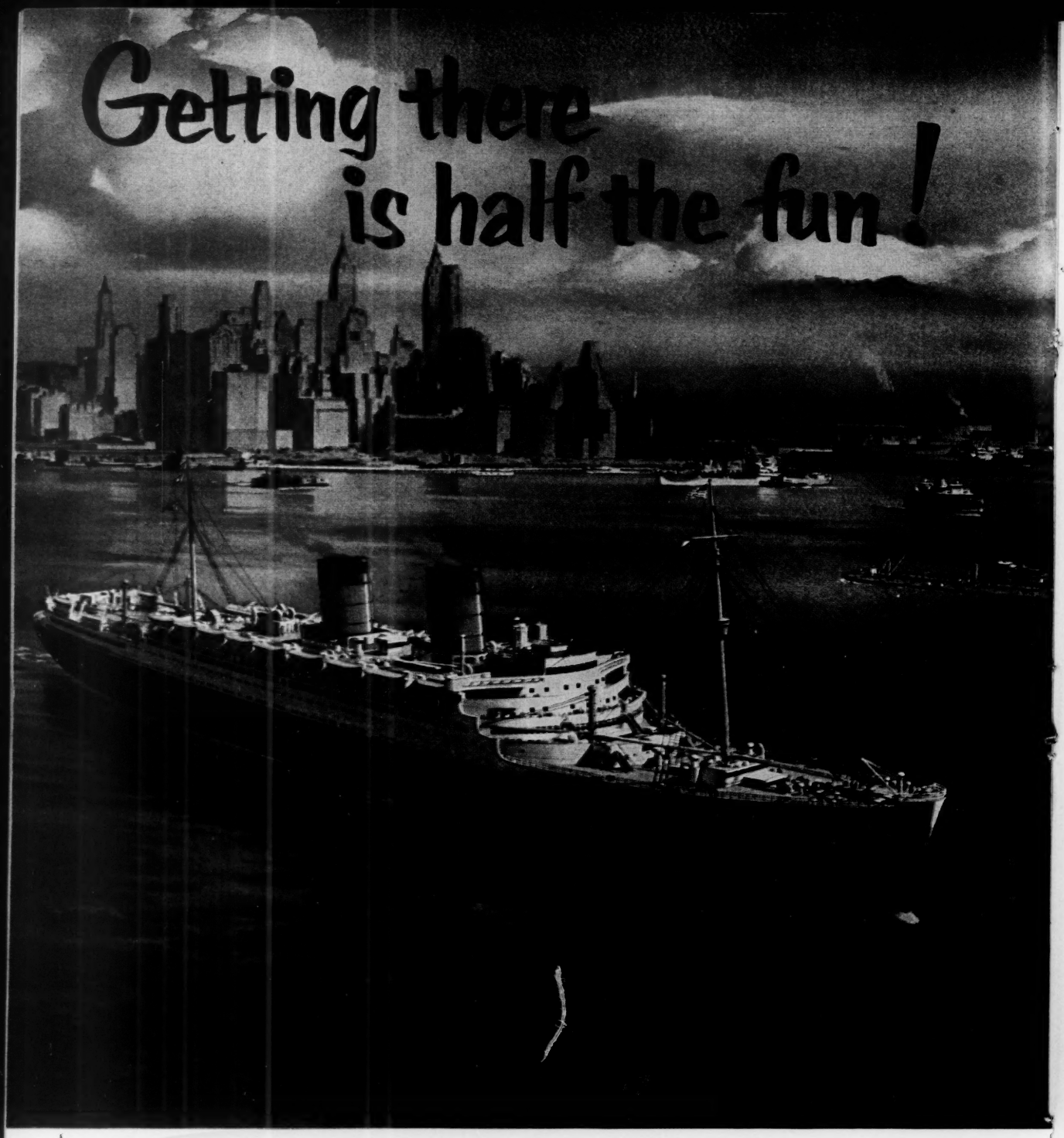

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HOW SAVINGS ARE INSURED

- **Just what protection is given to persons who have investments in savings and loan associations?**
- **The answer to this and other questions about the Government's insurance for these institutions is of importance to many persons.**

With growing public interest in savings and loan associations, many people are asking: Are these accounts insured against loss?

Yes, most of them are. Under law, all federal savings and loan associations must be covered by Government insurance. This insurance is optional for institutions operating under State charters, but many of them, too, carry the insurance.

Are these accounts insured exactly the same as bank deposits?

The two insurance plans, for banks and for savings-loan institutions, are similar in principle, but there are some differences in operation. Each insures individual accounts against loss up to $10,000. And each tries, if practicable, to rescue by financial aid or merger, any institution that gets into trouble, rather than let it go down. There are some differences on rules of cash withdrawals and other details.

The insurance for savings and loan associations is run by the Federal Savings and Loan Insurance Corporation, which is under the Home Loan Bank Board. For banks, the program is handled by another agency, the Federal Deposit Insurance Corporation.

Is a person assured that he can go in at any time and draw out his money?

That's the way it generally works out in practice in both banks and savings and loan institutions. But most savings and loan associations can require 30 days' written notice before withdrawal of funds. Usual custom is not to require this.

What happens if an institution gets into financial trouble?

When that happens to an insured savings and loan association, the Federal Savings and Loan Insurance Corporation steps in. It can lend the association money or help it to merge with a stronger organization or to liquidate. If there is a default by the institution, the Government insurance corporation pays cash to those having accounts or transfers their accounts to another insured association. FDIC takes similar action when an insured bank closes because it can't meet demands of its depositors.

Are accounts tied up for long periods of time when a savings-loan association gets into trouble?

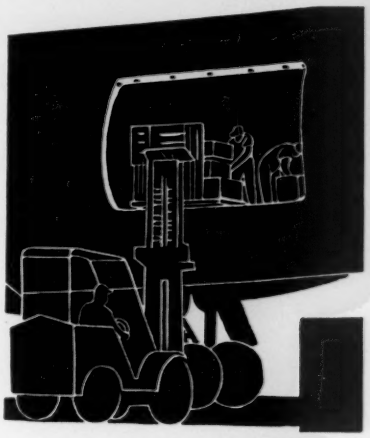
That has not been the experience in the past. When a savings institution has gone into receivership, the federal insurance corporation usually has started within a few days to pay off those owners of accounts who wanted cash. As a rule, all were paid off, or transferred to other groups, within two or three months. Exceptions might be a few individuals with accounts who lived abroad or were hard to reach. But there has been no general situation where holders of accounts had to wait long periods for payment. Under the rules, however, holders of larger accounts, over $1,000, can be paid in several installments.

If there should be a bad run of foreclosures on home mortgages, with savings-and-loan groups getting into trouble, could the insurance agency handle the situation?

The feeling among officials of the Savings and Loan Insurance Corporation and of savings associations themselves is that any likely situation could be handled. It is pointed out that the Federal Savings and Loan Insurance Corporation has more than 200 million dollars, mostly in Government securities, to meet such a situation. Furthermore, the agency has power to borrow 750 million dollars from the Treasury to pay off insurance obligations. Congress could increase these amounts at any time if necessary.

Have there been many failures of insured savings and loan associations?

No, relatively few. Since this insurance program began, in 1934, the insurance corporation has had to step in with financial aid in only 37 cases. Of these, 7 were in receivership and the assets of 1 were bought by the insurance agency. Twenty continued operations, 6 had mergers and 3 liquidated voluntarily. As of now, the Government corporation has insurance coverage on 1,622 federal associations and 1,748 State-chartered associations—a total of 3,370.



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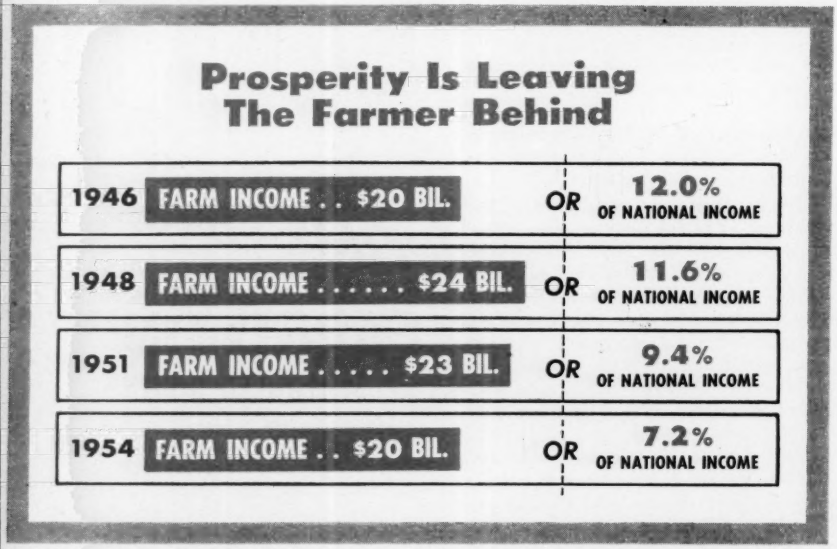
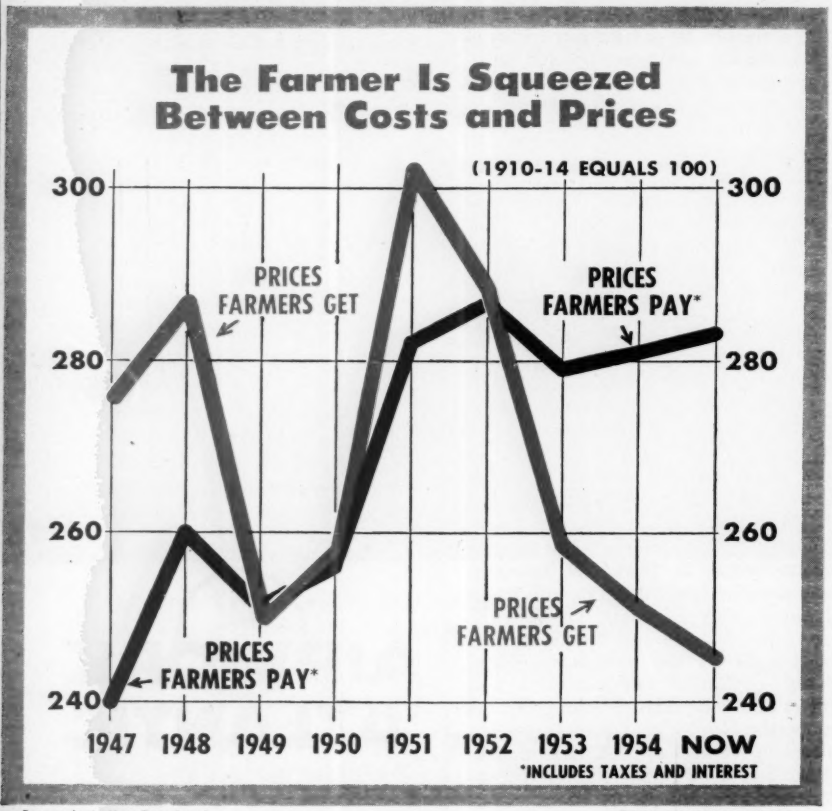
Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

WHERE TIMES ARE GETTING HARDER


Prosperity Is Leaving The Farmer Behind
1946 FARM INCOME . . $20 BIL. OR 12.0% OF NATIONAL INCOME
1948 FARM INCOME . . . . . $24 BIL. OR 11.6% OF NATIONAL INCOME
1951 FARM INCOME . . . . . $23 BIL. OR 9.4% OF NATIONAL INCOME
1954 FARM INCOME . . $20 BIL. OR 7.2% OF NATIONAL INCOME



Source: Agriculture Department

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Farmers still are in a recession, while other people prosper.

Their plight recalls the 1920s, when agriculture slumped long before the big depression.

This shows that the farm problem is worsening now, that more trouble lies ahead.

One major industry affecting many millions of people is not sharing in the nation's business recovery.

This great exception is agriculture.

Farmers are getting less for their crops. They are being forced to grow less. Their costs are high. Their incomes are shrinking.

Last year, farmers had the smallest share of the national income on record—7.2 per cent, as shown in the chart on this page.

As yet, there is no solution in sight for their problem. Time and again, Government officials have sensed a change for the better. At times, prices strengthened. But, each time, the improvement proved momentary.

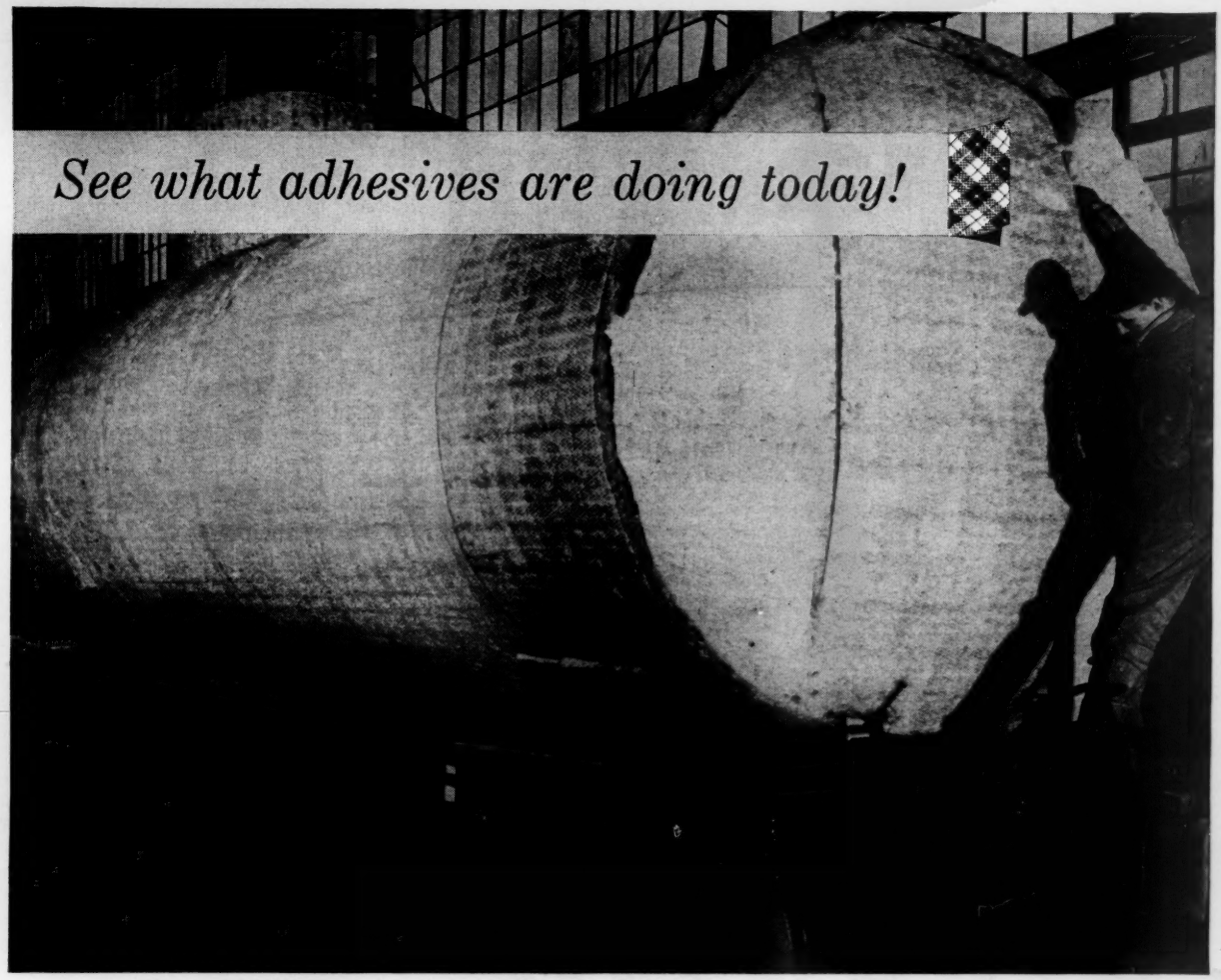
Thinking back to the 1920s, some economists now are wondering if this long-continued trouble in farming may not prove to be a serious weakness for the nation as a whole. History, especially in the '20s, shows that, when farmers suffer over a long period, other business is likely to be hit.

Millions are affected. Farmers today are a smaller group but still big enough to have an impact. The Government figures there are about 21 million people living on farms, and about 31 million more in rural areas closely tied to the farm. Thus, nearly a third of the nation is affected by a drop in farm income.

Farm net income was about 12 billion dollars last year. That figure makes an allowance for expenses, taxes and value of home-grown food and feed. Farmers got 40 per cent more in their best year, 1947. Thus the drop, from peak prosperity, has been great, though most farmers still are much better off than before World War II. The drop in 1954 from 1953 was 10 per cent.

The Government had expected the drop from 1953 to be about 6 per cent.

(Continued on page 100)



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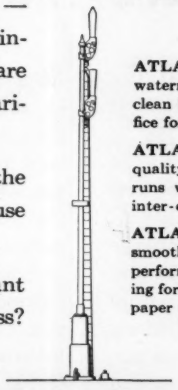

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Farm prices are weak, supplies still heavy . . .

Now, a further drop of about 4 per cent, to 11.5 billion, is being forecast, unofficially, by the federal experts for 1955.

What's the trouble? Behind the farmers' plight are two big factors: price weakness and heavy surpluses.

Farm prices just haven't leveled off the way the Government and many private economists thought they would. Right now, in a time of great business strength, farm prices have been showing weakness.

Cotton in rural areas, a short time ago, sold for slightly less than the Government price support.

Farmers are selling wheat at a discount of about 14 cents a bushel from the price support, corn at a discount of 27 cents, rye at a discount of 31 cents.

Hogs are the cheapest since 1949. Cattle prices are up from last year's lows, but have lost ground recently.

Supplies are so big that, unless there is a war or some other calamity, real strength in prices can't be counted on soon. Farmers will produce less. But consumers will have plenty of meat, flour, fiber, eggs, poultry, dairy products, just about everything the farmer grows.

The supply of wheat on July 1 is expected to be about 975 million bushels. That is more than the U. S. uses in a year, and three times the normal carry-over, as the Government figures it. And a new crop is coming.

Corn at the start of the growing season this year is estimated at 918 million bushels, already on hand. That's a third of what is used in a year. And a whole new crop is about to be planted.

Before the 1955 cotton crop is picked, the U. S. will have on hand something like 9.8 million bales of old cotton.

Effect of acreage cuts. The Government hopes to hold production on new crops to less than the normal year's use, thus reducing the huge surpluses. But the surpluses will shrink little, the economists say, unless there is a crop failure. Big supplies still will be hanging over the market at the end of this year.

But acreage cuts will mean this to the grower: less income. Wheat farmers of the Great Plains will be sowing about 30 per cent less than they did two years ago. And what they reap brings a lower price.

In Southern States, cotton acreage has been reduced by more than 27 per cent since 1953. Here, too, farmers are feeling the cuts.

Meanwhile, farmers expect to raise more pigs this year than last. That keeps the price low but holds volume up. Cat-

. . . Farm costs rising, debts getting bigger

tle on ranges and farms also are more numerous than they were a year ago, the Government says.

For those who sell livestock, big volume helps offset low prices. Still income declines.

Most farmers will have less coming in.

Expenses hard to cut. They'll be trying to cut expenses. So far, this has proved difficult. Since 1951, cash received by farmers has diminished by 2.8 billions a year; production expenses have declined only half a billion.

Feed costs less. But feeder cattle cost more; cost of animals purchased for fattening early this year has risen more than has the price of fattened steers.

The big corn-hog producer figures his costs at 12 cents per pound of hog; he gets about 15 cents. The 3-cent margin has to pay for his own work, his investment and family expenses.

Fertilizer is costing less than last year. But seed to be planted on land taken out of corn and wheat has become more costly—especially grass seeds, clover and alfalfa seed.

Farm wages are down. The farmer is buying less machinery than he did when he felt more prosperous. But family needs are more expensive. And taxes are rising.

Farmers have gone deeper into debt. The Government says mortgages on farms increased by 7 per cent last year. Interest payments on mortgages are increasing.

The over-all result is shown in the chart: Farm costs per unit of crop have inched up for the last two years despite efforts to cut down.

Getting by. What the broad figures don't reveal is the wide differences in the fortunes of different types of farmers. Hard hit are wheatgrowers on the Great Plains who haven't much choice but to grow wheat, or cotton farmers tied almost entirely to cotton and lacking latest equipment. Small farms without machinery feel a real pinch.

Less hurt is the medium-sized Midwestern farm that is well equipped and versatile. It still supports the family, with some profit, though the profit is smaller than before. There is more leeway to meet hard conditions.

Distress would be greater except that many have moved off the land in the last decade. A smaller income is being shared by fewer farmers. Those who remain are more efficient.

Even so, they feel the pinch. As consumers, they are not able to buy as freely as last year; they share the lowest income since World War II. When most other people are feeling well off, farmers get no lift from the business boom.

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Thank you, Doctor.

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Established 1849

Man named Taylor in the sausage business has a sign on his delivery truck that reads—

"Hog enough to want your business, Man enough to treat you right!"

Sausage you buy mostly *on faith*. So, for product quality, no other business in the world depends more on the maker's conscience—unless it be my own, distilling.

Which reminds me of another sausage maker, more hog than man. This fellow claimed his product contained 50% rabbit meat. Challenged by a dissatisfied customer, he proved his arithmetic as follows: 1 horse + 1 rabbit = 50/50.

Back in the old days I used to see a few "sausage whiskies" pop up in the market, and make horse-size claims for a rabbit's worth of quality.

They were usually *thin* whiskies, mashed under pressure to stretch grain, quick-fermented to save time, distilled at high proof to cut barrel and warehouse costs and shorten the aging.

If you're making whiskey by the schooner-load, it's a temptation to pocket these savings. But for the small, family-owned distillery with limited output, like ourselves, such short-cuts don't add up to enough to fool with.

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Wave of Strikes Coming? Autos May Be Top Target

Strike threats are rising in major industries. There are rumblings of trouble in aircraft, auto, electrical equipment, some other lines.

Strongest union efforts seem aimed at autos. General Motors or Ford could be shut down by June. That would be a body blow to the business boom.

This could be the biggest strike year in some time.

In a little more than 60 days, this country may find itself heading into a strike situation that could put a crimp in the business recovery of recent months.

Strikes, as things look now, are a real threat in a number of big industries that are booming. At least one of the big auto companies may be shut down by the beginning of June. Strikes before that time are a possibility in the rubber, aircraft and textile industries. Strike threats in other big industries could follow from June through September.

There is an uneasy feeling in some segments of industry that unions will be more ready to resort to strikes this year than they have been in the last two or three years. In the auto industry, the CIO Auto Workers will have their first chance to call a legal strike in five years.

Leaders of the Auto Union are talking as though they mean to get some sort of guaranteed annual wage. And strong talk from unions is by no means confined to auto workers.

Ford or General Motors? A timetable of contract expirations, shown in the chart on this page, provides a preview of some strikes that might come in the months immediately ahead. The chart shows some of the larger contracts that are due to expire or reopen on wages.

The coming showdown in autos is being watched with most interest by the business community. There could be a strike at Ford or General Motors, but the union indicates that it will not walk out at both companies at the same time.

By using a divide-and-conquer technique, the Auto Union apparently hopes to win an annual-wage plan at one com-

(Continued on page 104)

WHEN BIG STRIKES CAN COME IN 1955

(Based on deadline dates in labor contracts)

MARCH	**U. S. Rubber** — CIO Rubber Workers
APRIL	**Consolidated Vultee Aircraft** — AFL Machinists **Massachusetts cotton mills** — CIO Textile Workers
MAY	**General Motors** — CIO Auto Workers **Pittsburgh Plate Glass, Libbey-Owens-Ford** — CIO Glass Workers **Paper industry** — AFL Paper Union, Pulp Union **Radio Corporation of America** — CIO Electrical Workers
JUNE	**Ford Motor Company** — CIO Auto Workers **Shipbuilding** — AFL metal-trades unions **Boeing Airplane** — AFL Machinists **International Harvester** — United Electrical Workers **West Coast docks** — Longshoremen's Union **East Coast ships** — CIO Maritime Workers
JULY	**Steel industry** — CIO Steelworkers
SEPTEMBER	**Chrysler** — CIO Auto Workers **General Electric** — CIO Electrical Workers **East Coast ships** — AFL Seafarers

Source: Bureau of Labor Statistics

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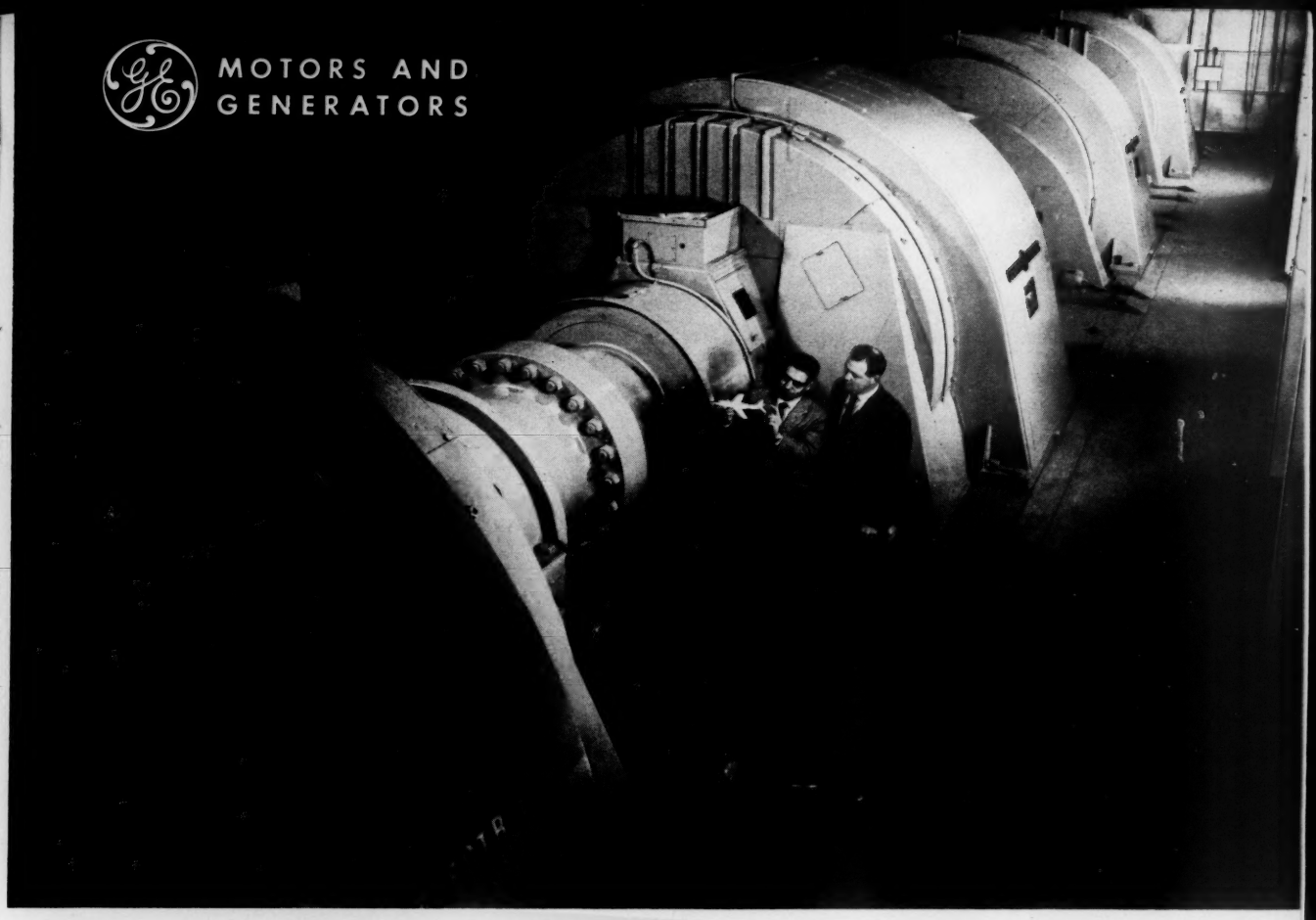
MOTORS AND GENERATORS



World's Most Powerful Induction Motors Built for New Supersonic Wind Tunnel

Four 45,000-hp motors, custom-built for Ames Aeronautical Laboratory installation, typify General Electric engineering progress

A major step in America's continuing research in transonic and supersonic flight will be the opening of the National Advisory Committee for Aeronautics' latest wind tunnel facility at Ames Aeronautical Laboratory, Moffett Field, California. General Electric was given the problem of designing induction motors capable of delivering a total of 180,000 horsepower to the air compressors supplying air to the three circuits of the big tunnel.

SOLVING THE PROBLEMS of tremendous torque stresses and adequate cooling demanded by the installation, G-E engineers built the four 45,000-hp giants pictured above. They are the most powerful induction motors in the world and will run together on a single shaft. Among their unique features is adjustable-speed control which allows the tunnel operators to accurately vary the tunnel operating conditions required for a particular test.

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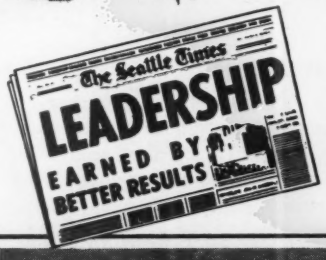

An independent study of newspaper circulations in Seattle's A. B. C. City Zone by the nationally recognized research organization, Dan E. Clark II & Associates, shows that The Seattle Times reaches:

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Auto firms silent on annual-wage issue . . .

pany and then try to apply it to all other auto companies, by threatening them with strikes as contracts expire. The union seems to think that neither GM nor Ford would take a prolonged strike and risk loss of sales in a year when Chevrolet and Ford cars are in a close battle for top sales position.

The auto companies are not disclosing their positions on the question of the annual wage at this time, pending the start of negotiations early in April. But most employers are opposed to the annual wage. They fear that, if the idea gets a start in autos, unions will try to spread it into other industries. Several other unions already are listing the annual wage among their 1955 demands, but seem to be content to let Walter P. Reuther and his Auto Union take the leading role.

Chain-reaction effects. If a strike occurs in one of the auto companies, the effects could be felt in a wide section of the business world.

For example, a major strike in autos usually results in production cutbacks for steel, since about 20 per cent of steel output goes to the auto firms. About 150,000 steelworkers, it is estimated, are employed on steel for autos.

Rubber workers also would be affected by a prolonged auto shutdown. It is estimated that about 54,000 employes in the rubber plants are working on tires for new cars. Similarly, about 59,000 workers are making electrical equipment for automobiles.

If the Auto Union calls a strike in only one company, as now seems to be the plan, the walkout would not affect all of these workers in the related industries, but many would be involved.

The number of auto workers involved, directly, in a strike would vary, depending on the target chosen by union leaders. General Motors has about 390,000 hourly-rated employes; Ford, about 135,000.

If the Auto Union should win an annual wage from General Motors, the CIO Electrical Workers, headed by James B. Carey, would expect to get such a plan, too, for GM's electrical plants where Mr. Carey's union has contracts. The Electrical Union also is asking for the annual wage.

Chrysler pact up later. Mr. Carey's contract with General Motors expires May 31, two days after the Auto Union's agreement with GM terminates. The Ford auto contract expires June 1. The Auto Union's strategy apparently is to continue one contract on a day-to-day basis, while negotiating, if a strike is called

. . . Pay cuts asked in cotton industry

against the other company. The Chrysler contract runs until September.

The CIO Electrical Workers already are holding pep meetings and issuing propaganda in preparation for a battle against General Electric Company, whose contract with this union expires on September 15. The union says the annual wage is to be an issue.

Cotton mills in Massachusetts face an early showdown with the CIO Textile Workers. The companies have asked for termination of their contracts as of April 15, to enforce demands for a pay cut. The union says it will fight against wage reductions.

A contract between U. S. Rubber Company and CIO's Rubber Workers is due to expire March 31. Negotiations here do not involve wage rates or the annual wage. Nonwage provisions of the agreement are to be discussed. The union's contracts permit wage demands to be filed at any time, but the union's wage proposals for 1955 have not been drafted.

In aircraft, a contract of the AFL Machinists at the Consolidated Vultee Aircraft Corporation plant in Fort Worth, Texas, expires on April 26.

Summer showdowns. Other disputes are shaping up during May and June in the paper-making industry, in shipbuilding, farm implements, shipping, aircraft, electrical equipment and others. Strikes may develop in some, or all, of these fields.

A showdown in the steel industry is due about July 1. On that date, the CIO Steelworkers Union could strike, if it has not negotiated a wage increase with the employers.

While many industries are worrying about possible strikes, there are some that have had their share of 1955 strike troubles already.

Ten railroad unions went on strike last week against the Louisville & Nashville Railroad and two affiliated lines. The unions, representing shop crafts and other nonoperating employes, sought health and welfare benefits.

A telephone strike, also called last week, involved employes of the Southern Bell Telephone Company in various Southeastern States. Issues in dispute included wage increases and a company demand for a no-strike clause.

Earlier, a strike of carshop employes of the Southern Railway system disrupted some service on the lines. That walkout lasted eight days.

Strike talk is really in the air again, after two years of rather calm relations between unions and employers.

(Continued on page 106)

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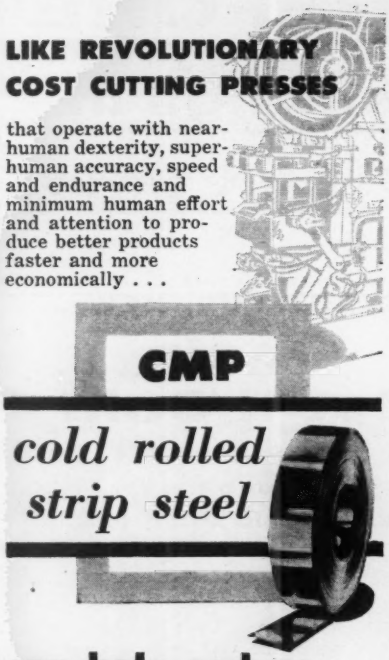

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A Voice Stilled in Brooklyn: Paper Shuts Down After Strike

BROOKLYN, N. Y.

This is the story of a newspaper strike that prompted the publisher to announce last week that he was shutting down the paper for all time, thus ending a publishing business that had been in existence 114 years.

The Brooklyn *Eagle* was the only major newspaper in this city of nearly 3 million. It had 630 employes when members of the CIO American Newspaper Guild walked off their jobs on January 29, and began a strike that had lasted 47 days when the publisher announced he would not resume publication.

The strikers numbered about 315 employes of the editorial and business offices. Mechanical workers, members of other unions, refused to cross picket lines, and the paper suspended operations. The publisher said the *Eagle* was financially unable to grant the Guild's demand for pay raises as large as those recently obtained from newspapers published in Manhattan. The Guild had asked raises averaging $3.40 a week for 1955 and $2.40 more in 1956, and the newspaper had offered $1.40 a week this year and $1 more next year.

In separate interviews with *U. S. News & World Report*, the publisher and a Guild spokesman gave their versions of the dispute:

The publisher's view. Frank D. Schroth, publisher of the *Eagle*, said he had come to his decision to cease publication after long study.

"It was a momentous decision to make," he said. "I know how important it is to Brooklyn to have a local newspaper. But I had to choose. The Guild has been demanding higher and higher pay for years. It is this way every year, and it would continue that way—always a demand for more.

"The Guild hasn't backed down on its demands since negotiations began last November. It wanted us to match the raises given by the big New York papers. But we are a community newspaper. The Guild has a list of 177 papers throughout the country, in order of wage scales. Only the seven big New York papers top us on that list.

"Those big New York papers have a lot of money behind them. We have to depend on what we take in. Another community paper in this area is No. 107 on that Guild list of pay scales. It pays about $30 a week less than we do for experienced reporters and photographers. Our minimum scale was $131.50 for that group. The contracts of the big New York papers fix the minimum at $138.50 for these employes.

"We told the Guild during negotiations that we honestly couldn't meet the wage demands they were making. We asked for a year's grace, and promised to negotiate again at the end of that period. They said, 'No.'

"Then we offered to arbitrate all of the provisions of the contract. They said they'd arbitrate on wages. We wanted to arbitrate all of the terms because there are provisions in our agreements that are not found in the contracts of the big New York papers."

In a formal statement, Mr. Schroth announced that an impasse had been reached, and added: "Faced with the choice of accepting terms that would have doubled the great financial loss of 1954 or of suspending completely, we have chosen to quit. In these circumstances, there is no hope for us. The Newspaper Guild problem is malignant."

The union's view. Leaders of the New York Newspaper Guild said Mr. Schroth had charged that the Guild had broken off negotiations and thus had terminated the old contract. The Guild denied this, saying that the old contract remained in effect and that management therefore owed editorial and business-office employes about $750,000 in severance pay, sick leave and other benefits.

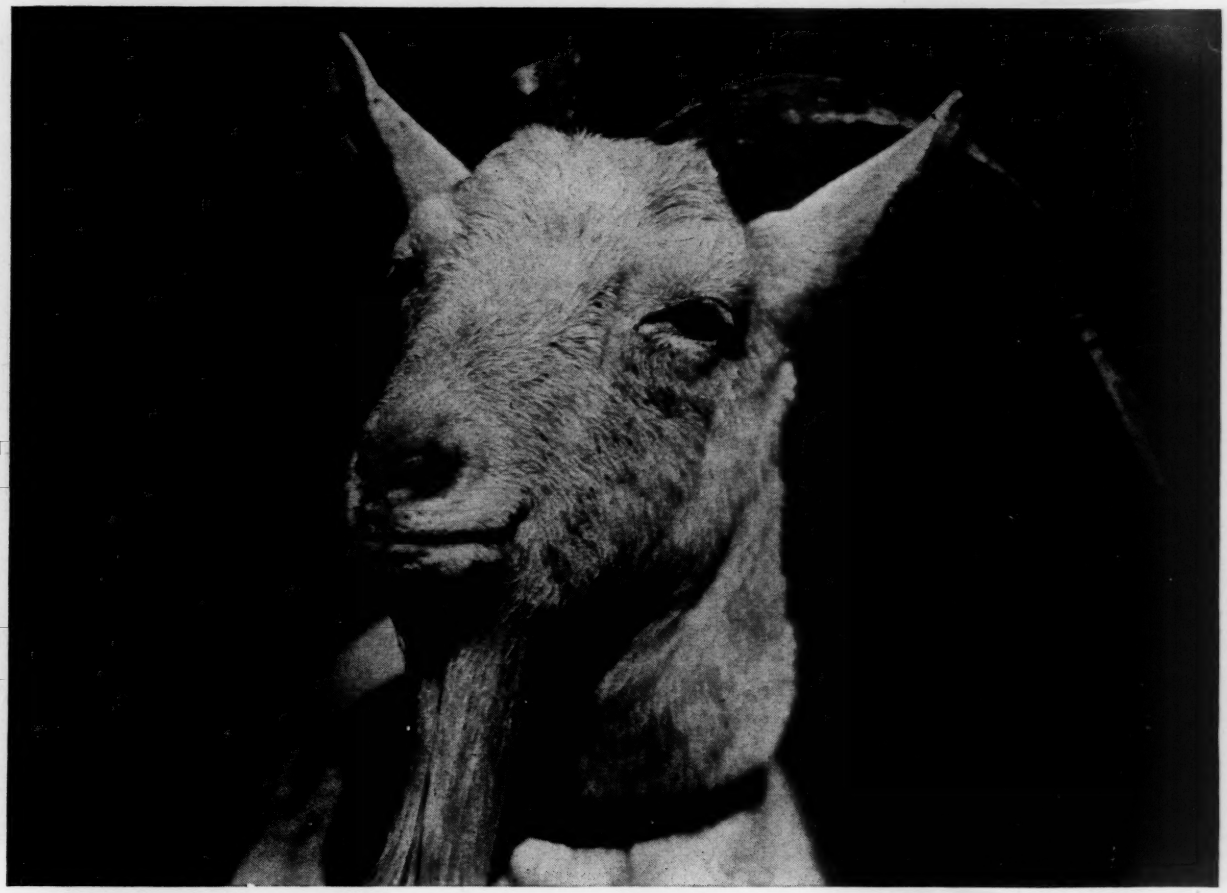
The Guild notified Mr. Schroth it was ready to negotiate at any time that federal mediators are of the opinion that "the publisher is prepared to negotiate on the issues."

M. Michael Potoker, secretary-treasurer of the New York Guild, said that in 1952 the union accepted less at the *Eagle* than it won on the New York papers.

At the wage talks in 1953, he said, "We had to go to arbitration under the contract terms, when we could not agree on a raise. The publisher pleaded 'poverty' but refused to show his books to the arbitrator. Therefore, the arbitrator granted us the same $3.75-a-week raise that we got on the other New York papers.

"This year, the *Eagle* gave the mechanical unions the same $5.80 package they won on the other New York papers. But, when we came along, the publisher told us there was no money. If he was broke, why didn't he call all of the unions in and tell them he couldn't afford a raise? He shouldn't give half of his employes a raise and then tell the other half there isn't any money."

"*Unforeseen events* . . . need not change and shape the course of man's affairs"



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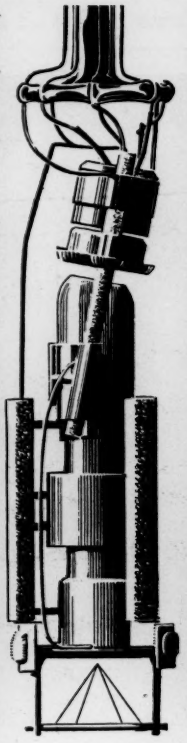

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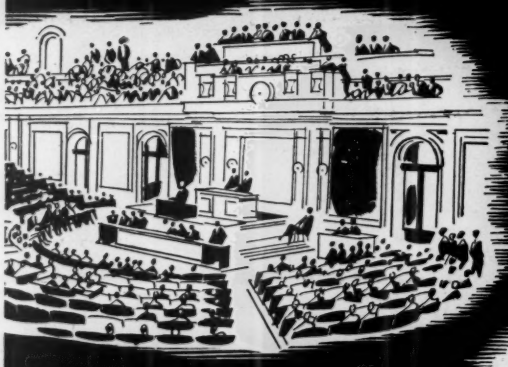

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VISION POINTS THE WAY TO PROGRESS! Since prehistoric man daubed his first signs on rock walls, pictures have helped men to see, understand and act in accord. Through succeeding ages, progress has been marked not alone by the ideas of a few men, but by the means of communicating these ideas to the many.

Now, in our time, television has given America the fastest, most powerful means of mass understanding in the history of the world. For it has turned a magic spotlight on the pageant of our civilization!

Until a few years ago, only a handful of people in each community had any first-hand knowledge of our government. Now millions watch and judge our national leaders on television. Where thousands once attended a season of theatre . . . now many millions may enjoy a single performance of Shakespeare. Religion and philosophy . . . science and "how-to-do-it" . . . concerts, museums, ballet—all come alive with meaning in homes across the breadth of our land. Young and old see, hear and think . . . and their thinking will influence history!

Television is much more than mere entertainment. This great fountain of culture and knowledge is its true force.

A full understanding of this force for the good of mankind was the beginning, and continues to be the guiding impetus, of the Allen B. Du Mont Laboratories. It brought forth from a garage laboratory the first practical cathode-ray tube which made commercial television possible. And Du Mont vision provided a quick realization of the vast potential application of this tube in many remarkable new electronic wonders.

Today, developments of the *several* Du Mont Divisions . . . in television receiving and transmitting equipment, in closed-circuit TV, in electronic instruments, in radar and guided missiles, and in mobile communications . . . have opened new vistas of accomplishment for science, industry, medicine and defense.

Most significant of all is Du Mont Research, providing continuing vision and dedication to assure greater-than-ever electronic advances for the achievement of better products, better services, a better way of life than man has ever known.

VISION

IS THE DU MONT® DIMENSION

First with the Finest in Television

ENGINEERS

The Allen B. Du Mont Laboratories offer to engineers a working atmosphere of achievement in which they can successfully advance their careers. Our employment manager at 750 Bloomfield Avenue, Clifton, N. J., welcomes inquiries.

How many of your company's products can you find in this nursery scene?

In the picture above are dozens of things from baby powder to plastic toys—products produced by many of our major American companies.

Among these many products you may be surprised to find five different wood fiber products of Kimberly-Clark.

The gay nursery paper on the wall was designed by Katzenbach and Warren, a division of Kimberly-Clark. The soft, disposable diapers and the disposable bib on the baby's dressing table were also made from a paper product of Kimberly-Clark.

The border padding on the mattress in the crib is a Kimberly-Clark product, too. And the picture book the little girl is "reading" was printed on Texoprint, Kimberly-Clark's durable, washable, plastic-coated paper.

Hundreds of products made from wood fiber exist today to make American business more profitable—to make the everyday lives of Americans more comfortable. Many more wood fiber products are now being developed. And, in the future, still others will come from the minds of the men at Kimberly-Clark.

Kimberly-Clark

KIMBERLY-CLARK CORPORATION
NEENAH, WISCONSIN

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D.C.

Important guides for keeping the demands of your job from ruining your health are revealed by an authority on the medical troubles of executives.

JOB STRESSES. Basic cause of health problems in people with key jobs is "stress diseases," says Dr. Robert Collier Page, medical consultant and president of the Industrial Medical Association. Crises and tensions, Dr. Page explains, touch off the body's alarm reaction; then failure to simmer down and adapt to the situation can result in functional disorders and even real diseases. He lists ulcers, insomnia, colitis, some mental troubles, and perhaps high blood pressure, as being among a "multitude" of stress diseases.

HEALTH AND WORK. Each person's capacity for tension has a limit beyond which it isn't safe to go, Dr. Page says. It's important to know what your own make-up allows and to learn to live within the budget nature has given you. If you aren't sure about your physical and mental limitations, get medical advice and guidance, he suggests.

DANGER SIGNS. This kind of health crack-up in middle life, Dr. Page adds, usually is the consequence of overloads you put on yourself in earlier years. In most cases it is a needless, self-invited penalty.

He cites these as danger signals of possible stress troubles later: A liking for the responsibility your job gives but not for the work you do. A reluctance to delegate authority or let others share the load. Being overly aggressive. Worrying, losing sleep, drinking too much. Taking on "play" activities that, instead of being relaxing, actually add to your tensions.

SAVING BONDS. After March 31, you won't be able to have Federal Reserve Banks hold your U.S. savings bonds for safekeeping. Few people knew about or used this service, so the "Fed" is cutting it out. Bonds handed in before March 31, however, will be kept until withdrawn by their owners.

SICK-LEAVE PAY. The Internal Revenue Service settles a question about the federal income tax on sick-leave pay received by a woman who leaves her job to have a baby. Under the new tax law, wages of up to $100 a week paid to an employe who is off sick may not have to be counted as income for tax purposes. However, IRS now points out, courts have ruled that pregnancy isn't sickness. Thus maternity-leave pay isn't eligible for this tax-relief provision. IRS

(over)

says, though, that, if a person actually is sick during pregnancy--regardless of whether the illness results from the pregnancy or some other cause--then pay received for that particular period may qualify for tax-free treatment.

CHANGING JOBS. If you accept a new job in another city, and your new employer pays your moving expenses, that counts as income on which you are subject to tax. And you cannot claim a deduction for those expenses--as often is the case when you are transferred from one city to another by the same employer. So holds the federal tax collector in a new ruling.

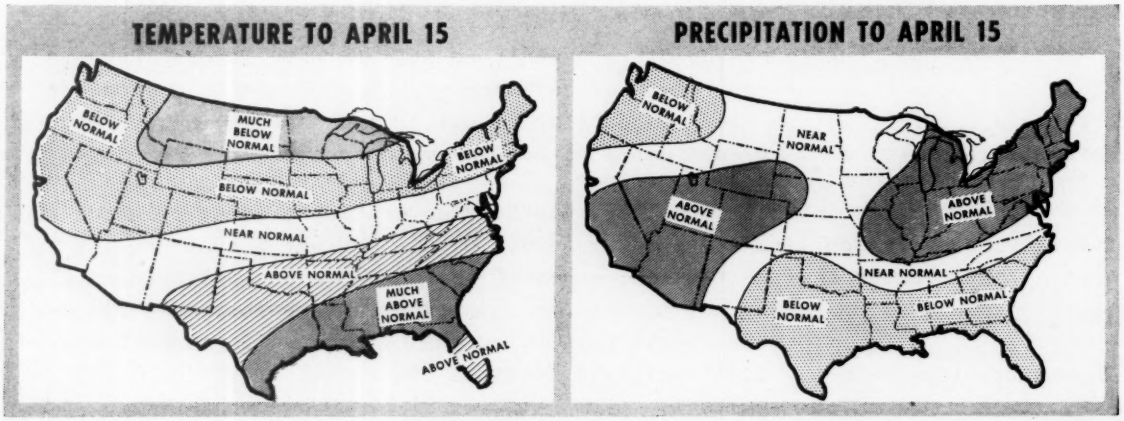
Fees you pay to an employment agency in a hunt for a new job are deductible. But phone calls and telegrams and trips you make to another city to apply for a position aren't. Neither are lodging and commuting bills you may run up between the time you take the job and the time your family moves to join you.

POSTAL SAVINGS. The Post Office Department is extending its new system of paying out more quickly to families and estates of deceased persons any postal-savings deposits those persons owned. Formerly payment requests had to be O.K.'d by Washington; now the post office where the deposits were made can pay promptly--if the executor or administrator has been appointed in that State.

NOTE TO GARDENERS. Spring is a time when gardening gyps bloom, too, the National Better Business Bureau warns. Termite "experts," tree "surgeons," furnace "inspectors," humus peddlers and shrub salesmen whose truck is their office can trim the unwary, the Bureau says. Best way to keep from getting taken, it adds, is to avoid dealing with strangers or firms that you can't check up on.

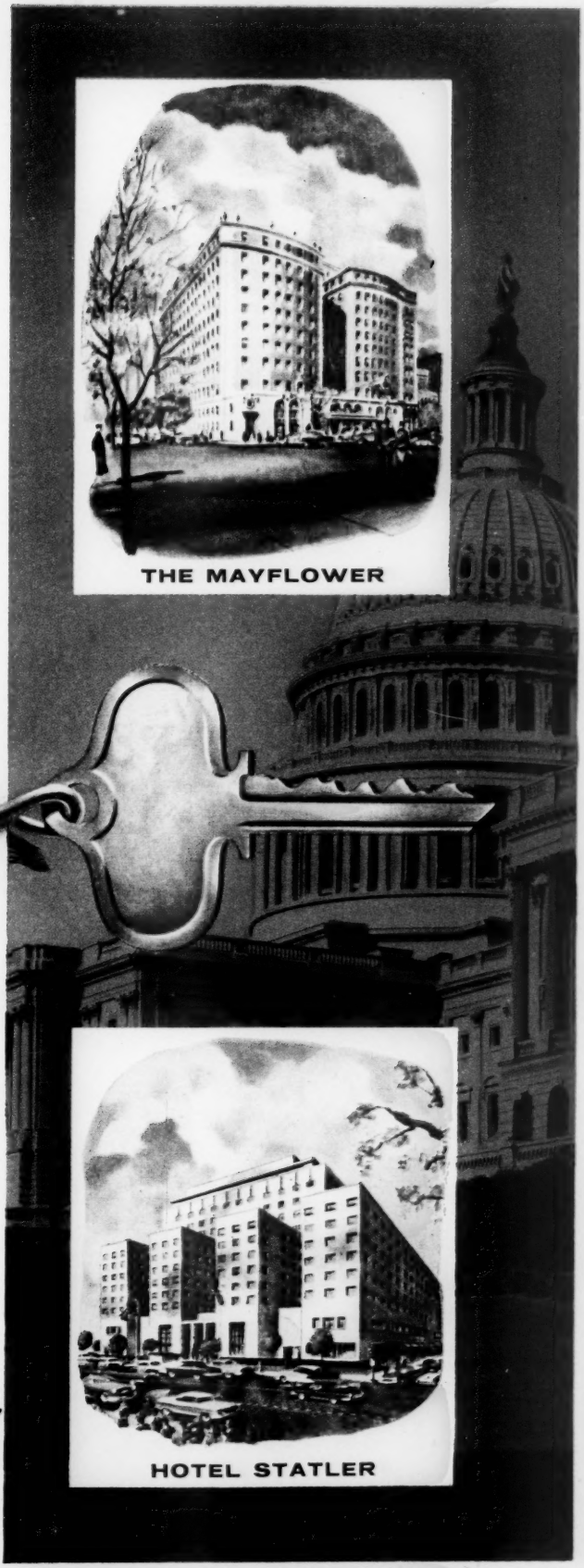
VACATION TRAVEL. Here's another travel tip from our editors in Europe: Spain is the cheapest country to visit, France the most expensive. But more Americans see France than any other country. Apparently they figure that what France has to offer in food, night clubs and other attractions is worth the price. Best month to visit Paris, if you dislike crowds, is August. Then a million or more Frenchmen leave the city on vacations. Places aren't so jammed, traffic is easier. Note, though, that many shops and restaurants close down then.

WEATHER. More weeks of unseasonal coolness in the North and above-normal warmth in the South--that's in these maps based on the Weather Bureau's outlook:



Friendly Hilton hospitality now awaits guests in two world-famous hotels in the nation's capital. The distinguished Mayflower "a name of international fame" and the magnificent new Hotel Statler are both centrally located—convenient to the White House, embassies, government buildings and smart shops. When you are a guest at either of these great Hilton Hotels, you are assured of superb service and excellent value. Delicious food is served in a variety of attractive restaurants including some rooms which feature brilliant entertainment and dancing to name bands. While inherently distinctive in character and individuality, they enjoy the same high standards of quality and perfection found in the entire family of Hilton Hotels and Statler Hotels at home and abroad.

THE MAYFLOWER



HOTEL STATLER

HILTON HOTELS

In New York: The Waldorf-Astoria, The Plaza, The Roosevelt, The New Yorker • *In Chicago:* Palmer House, The Conrad Hilton *In Washington, D C.:* The Mayflower • *In St. Louis, Mo.:* The Jefferson ' *In Dayton, Ohio:* The Dayton Biltmore • *In Columbus, Ohio:* The Deshler Hilton • *In Los Angeles:* The Town House *In Houston, Texas:* The Shamrock • *In El Paso, Texas:* The Hilton Hotel • *In Fort Worth, Texas:* The Hilton Hotel • *In Albuquerque, New Mexico:* The Hilton Hotel • *In Chihuahua, Mexico:* The Palacio Hilton • *In San Juan, Puerto Rico:* The Caribe Hilton • *In Madrid, Spain:* The Castellana Hilton

STATLER HOTELS

In New York, Washington, Boston, Hartford, Buffalo, Cleveland, Detroit, St. Louis and Los Angeles

HOTELS UNDER CONSTRUCTION

In Istanbul, Turkey: (Opening Spring, 1955)
In Beverly Hills, California: (Opening Summer, 1955)
In Dallas, Texas: (Opening Fall, 1955)

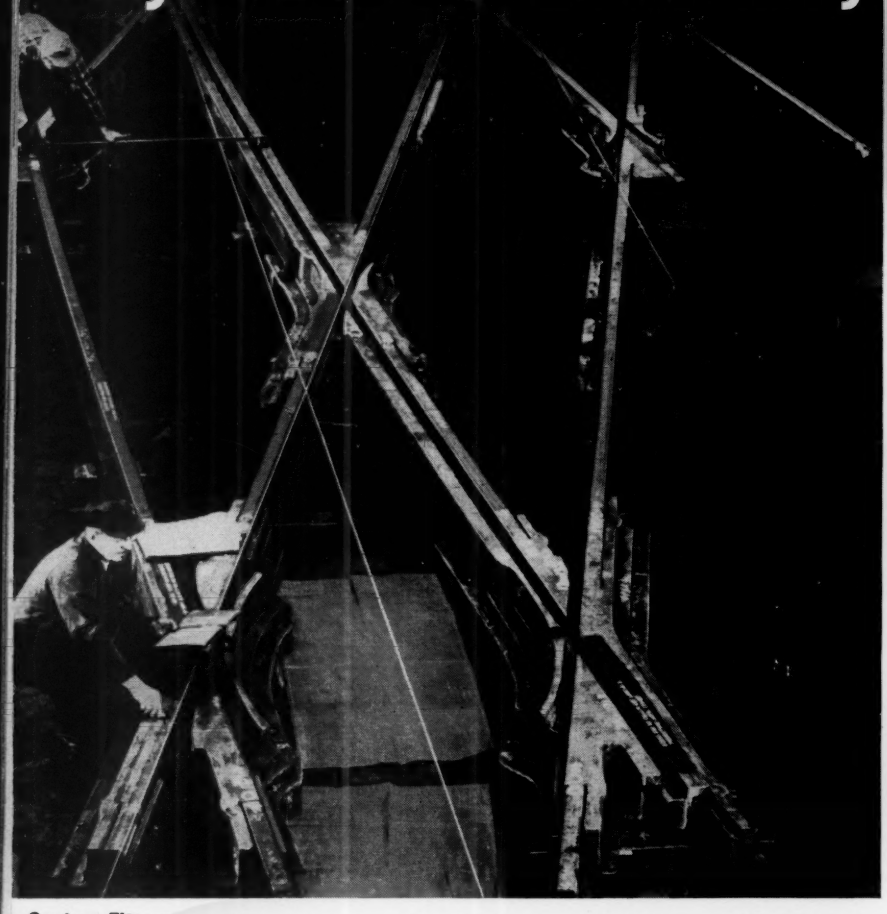
RESERVATIONS for room accommodations at all Hilton Hotels and Statler Hotels can now be made by simply contacting an Assistant Manager of any hotel in the group.

Hilton Hotels THE AROUND WORLD

Executive Offices *Chicago 5, Ill.*

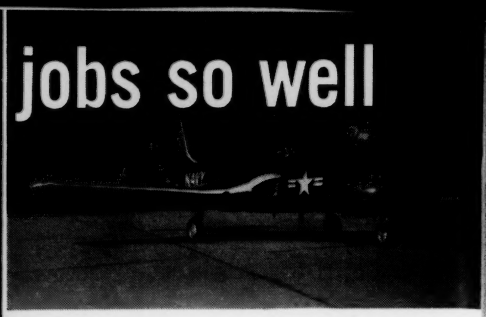
Conrad N. Hilton
PRESIDENT

Only STEEL can do so many jobs so well

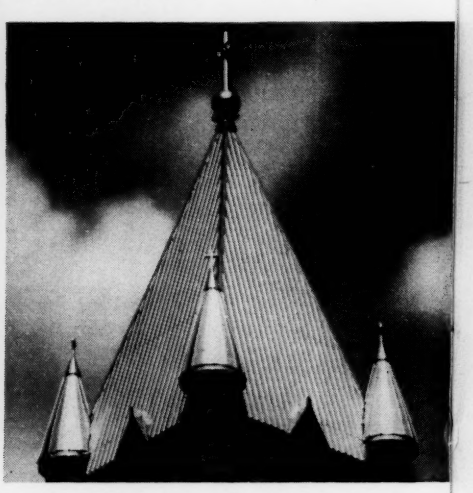


Custom Fit. This main line crossing for a famous railroad contains 1,585 separate parts. All U.S. Steel Trackwork is made to exacting tolerances, in fact the units of the type shown here are always pre-assembled at the shop before shipment to guarantee perfect alignment and fit in the field. It will then be dismantled and shipped.

Goodbye Gas Shortage. For years now, gas companies have been rapidly laying new pipelines to ease the gas shortage. The job has been made easier with this giant trenching machine made from USS MAN-TEN Steel. MAN-TEN has such high strength that the machine can be made stronger *and* lighter than with carbon steel.



Built-in Hole. Behind the gun opening on this jet interceptor is a "blast tube," to protect the plane from high pressures and gases caused by the firing of the gun. Formerly, this tube was machined from solid steel bar stock, but has now been replaced with USS Stainless Seamless Tubes. These tubes are pierced from solid steel, and they afford the absolute uniformity of wall strength required.



Enduring Beauty. Since church building budgets are limited, it might seem an extravagance to cover the steeple with stainless steel. But stainless steel lasts so long, and is so resistant to corrosion, that in the long run it is the least expensive metal you can buy for hard service. USS Stainless Steel is made in all types and finishes.

MANUFACTURED FROM USS STEEL UNITED STATES STEEL

This trade-mark is your guide to quality steel

SEE THE UNITED STATES STEEL HOUR. It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.

UNITED STATES STEEL

For further information on any product mentioned in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh, Pa.

AMERICAN BRIDGE . . AMERICAN STEEL & WIRE *and* CYCLONE FENCE . . COLUMBIA-GENEVA STEEL . . CONSOLIDATED WESTERN STEEL . . GERRARD STEEL STRAPPING . . NATIONAL TUBE OIL WELL SUPPLY . . TENNESSEE COAL & IRON . . UNITED STATES STEEL PRODUCTS . . UNITED STATES STEEL SUPPLY . . ***Divisions of*** **UNITED STATES STEEL CORPORATION, PITTSBURGH**

UNITED STATES STEEL HOMES, INC. · UNION SUPPLY COMPANY · UNITED STATES STEEL EXPORT COMPANY · UNIVERSAL ATLAS CEMENT COMPANY 5-410-A

LIFE AROUND THE WORLD®

memo

FROM ISRAEL

A PEOPLE IN ARMS

TEL AVIV—This probably is the most totally mobilized country in the world. Nearly everyone and everything that can move—every bicycle, tractor and cow—is tagged for immediate call-up in a war emergency.

Recent clashes between Israeli and Egyptian forces, plus a long string of border incidents, make thoughts of war a very real thing here. If trouble comes on a large scale, Israel is all set to move, and move fast.

Military service begins for everyone at the age of 14 and continues for the men until they are 50, for unmarried women until they are 35. Total mobilization in 72 hours is the country's aim, and it is far more than just a paper plan. In a recent test, a fighter squadron was ordered to report for action within 36 hours. Its planes were in the air and its ground crews functioning within 24.

Speed is a keynote to Israel's mobilization plans. The reason is obvious. Israel, with a population of less than 1.5 million, is surrounded by seven hostile Arab states with a combined population of 40 million. In 1948, six Arab armies marched into Palestine to try to prevent the establishment of Israel. They failed then, but they still talk of a "second round" to drive the Israelis into the Mediterranean.

As a result, Israel in the last five years has developed a military-training and mobilization program that is second to none. As things stand now, neutral military experts say Israel has the best fighting machine in the Middle East and can take on any or all of the Arab armies. The Arabs grudgingly agree.

Universal service. Every man and woman in this country is drafted into the

(Continued on page 116)

—Wide World

EVERY YOUTH IS TRAINED
. . . and women also serve

WHEN THE '49ER'S WENT WEST, WE HAD BEEN MAKING THIS BOURBON FOR 13 YEARS

YELLOWSTONE

The first barrel, in 1836, of this famous Kentucky Bourbon had a flavor and aroma unlike any other up to that time. Through the years it has been produced for the few rather than the many. Only recently has it become available nation-wide, and it is still labeled: "THE GREATEST AMERICAN WHISKEY". Next time, ask for YELLOWSTONE and find out why.

100 PROOF
BOTTLED IN BOND

WE DISTILL EVERY DROP—
WE BOTTLE EVERY DROP

YELLOWSTONE, INC., LOUISVILLE, KY.

"People often are hoggish about paper towels."

WITHOUT realizing it they'll use from two to four single fold towels just for drying.

— wasting as much as 40 inches of paper toweling.

But you can control this waste.

With savings up to 40%!

How?

With WESTROLL TOWELS in West Micromatic Cabinets.*

PEOPLE quickly unroll as little or as much as they want. But without realizing it they take less. Averaging 17 inches of soft WESTROLL.

Saves janitors' time, too.

— one filling of the tamper-proof cabinet equals four of a single fold towel dispenser.

— there's less litter to clean up.

And washrooms are cleaner, neater.

LET a West representative tell you more about WESTROLL economies. Or send for our free folder.

**Cabinets are loaned.*

OLDEST AND LARGEST COMPANY OF ITS KIND IN THE WORLD

WEST DISINFECTING Company Dept. USN

42-16 West Street, Long Island City 1, N. Y.
(Branches in principal cities)
In Canada: 5621-23 Casgrain Ave., Montreal

☐ I'd like a FREE copy of your folder on cutting towel costs with WESTROLL.

☐ I'd like to have a WEST representative telephone me for an appointment.

Name_____

Position_____

(Mail this coupon with your letterhead.)

memo

. . . Reserve is backbone of Israel's armed force

armed forces at the age of 18—the men to serve for two and a half years, the women for two. Conscripts spend three months in basic training, either attached to combat units or at a central training center for those who are going on to specialist schools.

The life of the conscript is hard and the pay is low. There are few frills in this Army. Soldiers live under canvas and follow a rigorous training schedule. A conscript's pay is $2.50 a month. Sergeants in the conscript service get $3.20. A draftee who qualifies for officer training and gets a second lieutenant's commission receives $3.50. The highest-ranking officers in conscript service—majors and above—are paid $5.30 a month.

The Regular Army—its size a closely guarded secret—consists exclusively of officers and noncommissioned officers who serve as training cadres and in the permanent staff organization. There is a careful and continuing check on the competence of officers and noncoms. Only a selected few are permitted to sign up for an Army career of 20 or 30 years.

Military service actually begins for boys or girls before they are 18 years of age and continues long after they complete their conscript duty. At the age of 14, youngsters go into youth battalions where they get physical training, learn close-order drill and are taught how to handle guns. Wherever you travel, you see groups of teen-agers marching through the countryside or camping out. By the time they're called up for active service, they're thoroughly accustomed to the hard life and strict discipline of the Army.

Powerful Reserve. The Reserve force is the real backbone of Israel's armed power. Every man remains in the Reserve after completing his two and a half years of active duty. He is part of the military system until he turns 50. Women are in the Reserve to the age of 35 or until they marry. All Reserves must spend 37 days a year on active duty—either training with a military unit or attending a special school.

Each year, the Reserve force swells by thousands as conscripts complete their active duty. Government officials say that, if the Reserve were totally mobilized, this country could put between 200,000 and 250,000 men and women in the field.

For the quickest possible mobilization, Reserves are organized by districts so

(Continued on page 117)

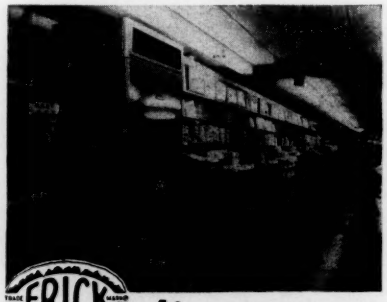
YOU ONLY GET WHAT YOU ... "Hey, wait a minute!"

You know the ending—"pay for." But does it apply to *all* piping material? Take, for instance, an installation of low-first-cost pipe. When it fails, it's a mistake to shrug and comment, "You only get what you pay for." A mistake *because you're not through paying for it!* You have to add the high cost of repairs and replacement.

Byers Wrought Iron pipe is solving this problem in hundreds of corrosive services. Users get *more than they pay for* in economical, trouble-free service. Write Dept. Z for our booklet, *Proof by Performance.*

A. M. BYERS CO.
Clark Building, Pittsburgh, Pa.

BYERS PIPE



FRICK **Air Conditioners**

Are preferred by stores, restaurants, offices and work-shops because they give more cooling per dollar—also are quieter and have longer life. (Units installed in 1938 are still in service).

Three sizes: 3, 5 and 7½ hp.: one will fit your needs. Get full data from your Frick Distributor, or write to

DEPENDABLE REFRIGERATION SINCE 1853
FRICK CO.
WAYNESBORO, PENNA. U.S.A.

memo

. . . Frontier settlements are armed for defense

that all those in a certain neighborhood are assigned to the same outfit. In a call-up—tests are conducted regularly—notice is flashed by radio and passed on by word of mouth. Everyone holding a given code number is ordered to report to a prearranged mobilization point. There the Reserves are issued guns, ammunition and equipment and rushed to action stations.

Under that system, a company of Reserves can be ready for combat in a matter of a few hours. Last year at least 100,000 troops were mobilized for special maneuvers through this system.

Over-age men and women are subject to call for civilian work during an emergency. Every cow, draft animal, tractor, automobile—everything that might be useful—also is registered and subject to immediate call. The idea is to get the country on a total war footing in the shortest time possible.

At home—a gun. Actually, a substantial part of the population always is partly on a war footing, since every frontier settlement is armed and organized for self-defense, a self-contained fortress. They are self-contained fortresses. Every house has a gun. Most of the men have had military training. Each settlement has an assigned sector of the border to defend and each has a definite wartime mission. All are co-ordinated under a military headquarters.

The job of the settlements is to take the brunt of the first attack if war comes and to hold the border until the Army can move up. A typical frontier settlement is Nachson—a co-operative farming community only a stone's throw from the narrow no man's land that divides Israel from Jordan. From its houses you can look across the wheat fields and see the Jordanian border town of Latrun. Outside the settlement are barbed-wire entanglements. Trenches are dug into the hills. Farmers in the fields carry guns.

"We know what to do if we're attacked," one of these young farmers told a visitor the other day. "We know what our sector is and what our mission is."

He pointed to several new farm buildings and remarked, "You see, we are painting our buildings white. That means we want peace."

But the roofs are painted bright red.

"Yes," he smiled. "That means we want peace—but we are ready to fight."

The same can be said for the whole country.

How To Make A Rabbit Stew...

FIRST:

Catch A Rabbit!

You can't make a rabbit stew—or build a healthy business—without the "basics" that are needed to make both a success. You'll find all the business "basics" in Georgia, a state so endowed by Nature to be perfect for healthy business growth that more than 7,100 manufacturers now proudly claim Georgia as home base.

- **Versatile Labor Supply**—a large pool of intelligent and industrious workers at your disposal.
- **Transportation Unlimited**—the strategic land-sea-air hub of the entire Southeast.
- **Water-Fuel-Power**—abundant supply for all communities, all plant sites.
- **Nearby Raw Materials**—facilitate production from start to finish.
- **Nearby Consumer Markets**—a new and prosperous "home-grown" market for your goods and services.

Business is Naturally Good in GEORGIA

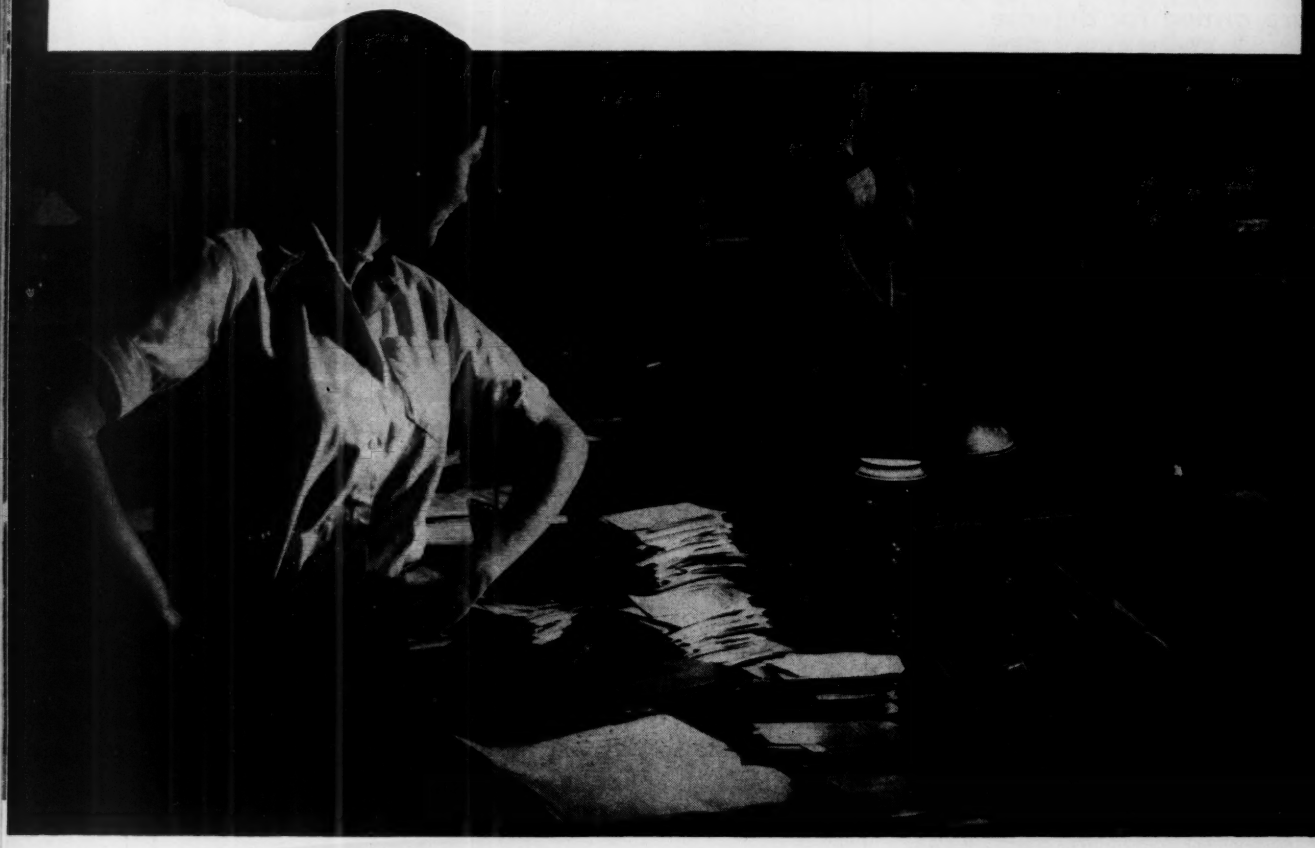
Even the weather's on your side in Georgia! Never a costly shutdown—every day is production day in mild, modern Georgia. Be sure the sun shines on *your* plant.

For facts and figures, write today to Department 7,

GEORGIA DEPARTMENT OF COMMERCE

Scott Candler • 100 State Capitol • Atlanta, Georgia

"*Nuts* to the board meeting...I'm going to the dance!"



Heads may roll at General Offices tomorrow. Without the reports from the Springfield branch, the monthly profit-and-loss statement can't be completed. But Irene is past caring.

You see, it's like this *every* month. A big pile-up of figures to be boiled down into one report at the last minute. She's fed up.

What Irene needs is Keysort punched-card accounting. With Keysort, her figures would always be right up to date. End-of-the-month would be just like any other day. And the report from this branch would always reach the home-office comptroller *on time.*

It's situations like this which prevent many a decentralized company operation from reaping decentralization's full rewards. Progressive management can still be seriously hobbled by inadequate accounting procedures in branch offices.

A McBee Keysort installation can give you comprehensive, accurate reports on every phase of factory operation, and give them to you *fast.* On your desk by the 4th of each month. Whether you run a 100-man plant or a string of branches serving the whole country. At very low cost.

The trained McBee man near you will be glad to show you how it's done. Or write us.

McBEE KEYSORT®

Punched-card accounting for any business

Manufactured exclusively by **The McBee Company, Athens, Ohio** • Division of Royal McBee Corporation
Offices in principal cities • In Canada: The McBee Company, Ltd., 179 Bartley Drive, Toronto 16, Ontario

Trend of American Business®

24th and N Streets, N.W.
Washington, D.C.

Business is on the upgrade almost everywhere you look.

Recovery from the 1953-54 setback, which became apparent late in 1954, has since taken firm hold and promises to continue into the summer months.

Main point is that activity is increasing along a broad front. Gains are being recorded in production, in sales, in income, in total spending.

Production shows improvement in almost every major industry.

Total output of industry, measured by Federal Reserve Board, rose to 133 per cent of the 1947-49 average in February. That marks the sixth successive monthly gain. These figures are adjusted for seasonal variation.

Further gains in output are reported for March.

Output now is the highest since September, 1953, and only a shade below the all-time peak of 137 per cent of 1947-49, reached in mid-1953. Chances seem favorable for a rise closer to that peak in months just ahead.

In more detail, you find these developments in industry . . .

Steel mills are operating at 92 per cent of a larger capacity. Present rate is 116 million tons a year, nearly a third larger than 1954's total.

Shortages of steel, furthermore, are beginning to show up in some types.

Aluminum buyers also complain of shortages, despite rising production.

Copper is reported to be in rather tight supply, too.

These are examples of rising demand for basic industrial products.

Auto output is continuing, for the present, at a record rate.

Truck production turned up in March, after model changes.

Home appliances and furniture rose to 135 on the index in February, from 132 in January. That was the largest month-to-month increase since last August and the largest volume of production since August, 1953.

General machinery production, at 127 per cent of 1947-49, shows a 4-point gain from January to February. This reflects a general business upturn.

Electrical machinery also showed a February gain, after a dip in January.

These gains are showing up in industries that were hit hardest in last year's setback. These manufacturers of hard goods, called "durables," now are producing at 147 per cent on the index, highest since October of 1953.

Manufacturers of soft goods also are sharing in the upturn. Their output has been gaining since mid-1953 and now stands at 121 per cent. That's only two points below the record reached in May, 1953.

February gains among soft-goods producers centered in rubber, paper, chemicals, and petroleum products.

Output of minerals hit a record rate in February, at 121 per cent of the 1947-49 base. It was 118 in January, 113 in February, 1954. Crude-oil output

(over)

was at a record high; coal output was the highest since September, 1953.

You can see from these trends just how general the business rise is.

Behind the trends is a deep-seated feeling of optimism. Individuals are getting more income, in total, and are in a spending mood. Businessmen tell Government officials they expect sales to improve this year. Manufacturers count on a 4 per cent gain; merchants, 6 per cent; utilities, 8 per cent.

Two danger spots, however, are being cited as possible threats.

Installment buying quite clearly must be rising, as buying increases for automobiles and major household appliances, such as laundry equipment.

Mortgage debt also is growing apace with the construction boom.

There is some concern among officials that these types of borrowing may go too far. Warnings have been made on these points during the Senate study of the stock market. But it's generally agreed that credit is not out of hand yet.

Inventory building, to replace inventory reductions, is expected in coming months. That's the judgment of the U.S. Chamber of Commerce.

A rise in inventories appears logical at this time. Sales to final users are rising, and there is a growing need for larger stocks.

When you add business demand to the prevailing consumer demand for goods you come up with the prospect of a still stronger upward nudge to activity.

You also have an outline of how the Eisenhower Administration expects business to perform this year. The analysis comes from the staff of Congress's Joint Committee on the Economic Report.

Here, in capsule form, is what the analysis projects:

Total output--the gross product--will rise from a rate of 365 billion dollars a year at 1955's start to 385 billion a year at 1955's close.

Average output for the year then should be 375 billions--a record.

Unemployment, if this mark is met, would drop to about 2 million next autumn. It stood at approximately 3.4 million in February.

The analysis concludes that, if Administration estimates are correct, the country will be enjoying approximately full employment and output at year end.

On the spending side, here is how 1955 might stack up:

Individual spending for the year will hit 244.2 billion dollars. That compares with 234 billion actually spent in 1954.

Business spending for construction, equipment, inventories, will come to 54 billions, compared with 45.7 billions in 1954.

Government spending for goods and services will dip to 76.8 billions from 77.5 billions in 1954. State and local outlay is expected to rise; federal spending, it is estimated, will show a further decline.

The totals balance out at 375 billions for the year.

The analysis by the congressional staff, however, does not give complete endorsement to the assumptions of the President in his Economic Report.

Noted in the report from Congress are appraisals from some consultants that the second half of the year may not be quite as active as the first half.

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EXECUTIVES RATE OWN STOCKS

They've Done More Selling Than Buying Recently

How Businessmen Have Been Dealing In Stocks of Their Own Companies

Purchases and sales, by corporation officers and directors, of common stock in their own companies, Dec. 11, 1954, to Feb. 10, 1955—

COMPANY OFFICIALS HAVE BEEN ADDING TO THEIR HOLDINGS OF THESE STOCKS:	PURCHASES	SALES
Airlines	$326,788	$149,111
Auto equipment	$365,776	$326,100
Building materials & construction	$317,319	$263,699
Drugs	$1,120,186	$31,663
Electrical equipment	$296,348	$85,492
Grocery chains	$163,685	$28,447
Industrial machinery	$804,000	$529,040
Meat packing	$163,738	$28,675
Office equipment	$208,968	$131,138
Paper	$170,012	$99,614
Radio & television	$457,559	$298,770
Railroads	$819,818	$315,532
Retail dry goods	$507,213	$121,389
Steel & iron	$941,027	$845,730
Textiles & clothing	$654,758	$160,126

COMPANY OFFICIALS HAVE BEEN REDUCING THEIR HOLDINGS OF THESE STOCKS:	PURCHASES	SALES
Aircraft	$35,476	$1,847,020
Chemicals	$89,527	$431,934
Coal	$44,626	$188,651
Foods	$615,164	$1,154,026
Motion pictures	$6,138	$173,191
Petroleum	$455,123	$2,005,405
Rubber & tires	$93,054	$1,103,228

Basic Data: Securities and Exchange Commission

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In the light of this month's drop in stock prices, investors are wondering—

Did company officials foresee the break? Do they feel the market was too high?

Answers—or important clues—dug out of official Government reports, are to be found in what follows.

This article tells how company officials—the men in the best position to know—have been gauging stock values, as shown by their personal dealings in stocks of their own companies.

These leaders have been selling more than they have been buying, on the whole. For the two-month period which ended February 10, sales of common stock by officers and directors of corporations listed on the two largest exchanges totaled about 21.6 million dollars. Purchases came to about 16.7 million.

But the showing is more cheerful than it appears at first.

In a long list of major industries, purchases have been heavier than sales, indicating that officials feel prices quoted for shares in most firms were not unreasonable.

Assaying the bull market. Sales were heavy in a few industries, notably several that were favored by investors in the bull market. There is a suggestion that company officials thought some of these favorites were being bid up too fast by the general public.

These conclusions are based on monthly reports of the Securities and Exchange Commission, the most complete source available to the public. The data are published by the Government so the average investor can know what the "insiders" are doing.

Dealings in more than 400 companies were tabulated by the Economic Unit of *U. S. News & World Report*. The chart on this page gives results by major industry groups.

Purchases made on stock options are not included. In the two-month period, company officials bought nearly 10.1 million dollars' worth of their own companies' stocks at the special prices granted on option plans. If these were included, pur-

(Continued on page 124)

Clamshell or dragline?

Would your banker know?

Most of us like to watch the big cranes and shovels in action on a construction job. But even the most avid "sidewalk superintendents" sometimes don't know what the various machines are or how they're used.

The man you see here enjoys watching, too—but with a more professional eye. No, he's not a construction engineer. He's a loaning officer from The First National Bank of Chicago!

This banker is from Division J—the Division of our Commercial Banking Department that specializes in financing contractors and building materials producers and dealers. He knows why a clamshell is being used on this particular operation rather than a dragline or a power shovel. In fact, his close association with construction men has given him an intimate understanding of the field from the contractor's estimate right through to the completed job.

And this man is typical of all the loaning officers from The First. You see, over 50 years ago our Commercial Department was organized into separate Divisions, each serving certain specific industries exclusively. Today we have 10 Divisions that form the most complete setup of its kind in American banking. Each is staffed with officers who study and keep up with their particular fields.

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. . . Officials sell oil, aircraft, chemical stocks

chases would total about 26.8 million, against sales of 21.6 million.

However, the change would shift only one industry—aircraft—out of the list of those where "insiders" were selling more than they were buying. Net sales would still be shown in chemicals, coal, motion pictures, petroleum and rubber.

The reason for not including stock-option purchases is simply that they can be interpreted two ways: that officials think prices will go up, or that they think prices will go down.

Tough decisions. If an official thinks the price of his company's stock is nearing a peak, he may hurry to buy. Under the tax laws, he makes his maximum profit if he buys at least six months before any decline in the price of the stock and sells at the first sign of weakness. If he buys too late, just before a drop, he has this difficult choice: sit back and see his paper profit diminish, or sell and pay a high tax rate.

Again, deadlines set by company option plans may determine when to buy.

Hence, simple purchases and sales, not affected by any rules, are taken to be the best gauge of sentiment. They don't always reflect an official's feeling on market value. He may be selling to raise cash or because of a fight with the company. He may be buying because of pressure to show his interest in the business with hard cash. But, on a broad industry basis, the trends are tied in with business conditions.

Where executives sold. Selling was especially heavy in three industries that have been favored by many investors for long-term growth or because of big defense profits: aircraft, chemicals and oil.

The drop in defense spending is about over. There is talk of war. These factors helped lift prices of aircraft stocks. Yet, to those studying the industry closely, there is a prospect of declining output.

The Securities and Exchange Commission shows operations by officers in nine aircraft companies in the two-month period. In three, there were small purchases. In the six others, sales ranged from $59,000 to more than $549,000.

Sales were much heavier in the second month of the period than in the first.

Among transactions in aircraft companies which have come to light since the SEC compiled its lists were one purchase and two sales. The purchase was 1,000 shares in a company that was about to split its stock.

In the chemical industry, there has

(Continued on page 125)

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. . . Real recovery trend in railroads

been heavy competition. Yet prices of stocks have been high, compared with dividends. In effect, investors have been paying in advance for expected growth.

Officials have been buying and selling rather actively in this industry. In the two months, SEC lists dealings in 14 firms. Net purchases were made in eight, ranging from $4,000 to $38,000; sales in the six others ranged from $5,400 to $252,000.

Again, sales were heavier, in numbers and dollars, in the latest month.

Oil companies have been wrestling with two problems: heavy supplies in some products and a fierce battle for new underground reserves. Yet investors favored this industry; prices of stocks rose greatly in the last year.

Officials of eight oil companies, including some of the largest, have been selling stock. Holdings were reduced in one case by $548,000. In five leading companies, officers bought additional stock.

Possibly the oilmen have turned more optimistic since SEC issued its last list. Winter helped the market for fuel oil. Some sizable purchases are reported unofficially. A vice president in one major company has bought $225,000 more of his company's stock; a director of the same concern was selling stock in December.

Sales of stock in major rubber companies have been fairly general. In the two months, only one company out of five showed net purchases by officials.

The boom in the auto industry seems to be encouraging the parts producers. But little buying has been done in the auto companies themselves. During the two months, there were two purchases totaling $28,000 in one company. In another, there was one purchase of about $55,000 as against five sales totaling more than $211,000.

Where buying is heavy. Generally, the most lopsided figures are found in industries where selling has been heavy. Buying has been rather strong, but less striking, in a number of lines now enjoying a business recovery.

The drug industry is not as impressive as it looks on the chart. Purchases in one company making household antiseptics totaled more than a million dollars. Other transactions were relatively small.

On the other hand, a real recovery is reflected in the railroad figures. This industry has been expecting a pickup, and officials have staked money on it. On the SEC lists, officers were adding to their holdings in 15 companies and reducing them in only seven.

(Continued on page 126)

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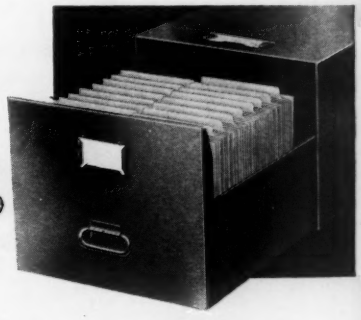

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. . . Retail houses, textiles are optimistic

Two large purchases and one small sale were reported by railroad officials after February 10.

The textile business is another in which officials have been banking on a revival. In the month ended January 10, purchases of stock outweighed sales by more than 2 to 1; the next month, 7 to 1. Optimism clearly was gaining in this big group.

The large retail houses seem to be feeling cheerful, too. People are spending freely. Aggressive policy to meet the discount houses is paying off for some stores; by offering low prices, they find they do all right.

In both months, purchases of retail stocks by officers and directors ran ahead of sales. The only significant sale was by a director of one of the more conservative, less aggressive, stores. The battle for control of Montgomery Ward & Company was not reflected in the figures.

The radio-television industry does not seem as optimistic, when you look into the figures, as the chart makes it appear. The big margin of purchases was done in two giant companies that lead the whole electrical business. Among smaller concerns, more dependent on receiving sets, the officers have been selling more than they have been buying.

That is true in dealings revealed since February 10, also.

The building-materials companies show no fear of a letdown; judging by the way officers are buying stocks, they see no early end of the construction boom. However, most buying was in the December 11-January 10 period; less trading was done by officials after that.

Comparison with early 1954. If you go back to a somewhat similar study made by *U. S. News & World Report* on the first half of 1954, you find changes.

Officers now are buying in a number of industries where they appeared then to be selling: airlines, auto equipment, office equipment, steel, drugs, paper and textiles.

Members of the copper-lead-zinc group, then selling, now seem optimistic, too. During the two recent months, purchases were listed in five companies, sales in only two. Dollarwise, the sales were larger, but only because of one large sale —more than $128,000—in one copper company.

On the other hand, buying in the tobacco industry has died down. Only two small purchases in leading cigarette companies were included in the latest SEC lists.

In other lines where officers formerly

(Continued on page 127)

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. . . Holdings reduced ahead of market break

appeared to be buying, they sold during recent months: motion pictures, foods, aircraft and petroleum.

The conclusion these deals point to is this: Officials thought a peak was being reached in prices of stocks in some industries that were favored in the bull market. They reduced their holdings well ahead of this month's break in prices. But they showed no widespread pessimism in decisions to buy or sell stocks in their own companies.

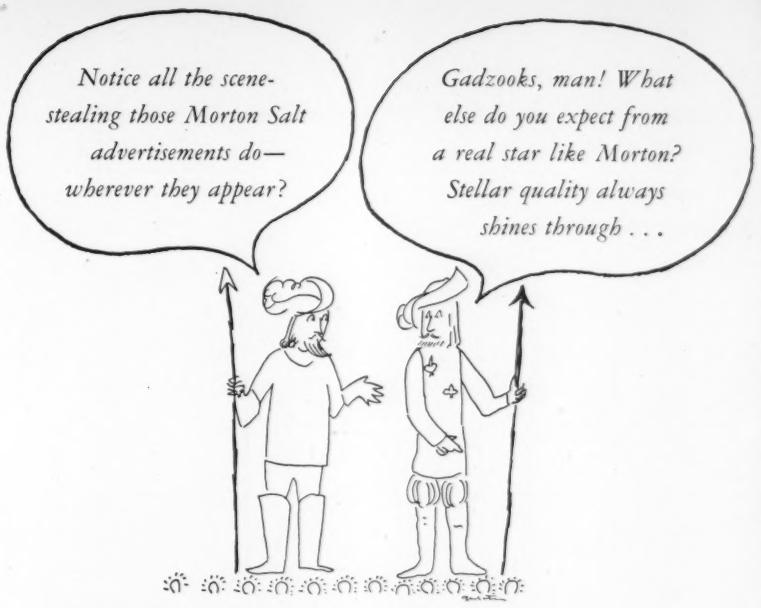
Tax Deadlines Ahead

MARCH 31

- ***Manufacturers, retailers,*** others deposit excise taxes for February, if more than $100.
- ***Gamblers, bookmakers*** pay tax on wagers accepted in February, form 730.

APRIL 15

- ***Individuals*** file final 1954 tax return, form 1040 or 1040A, and pay balance of 1954 tax.
- ***Individuals*** file declaration of estimated tax for 1955, form 1040ES, and pay first quarterly tax installment.
- ***Self-employed*** pay Social Security tax for 1954 when filing 1954 income tax return.
- ***Farmers*** who filed 1954 tax declaration by Jan. 15, 1955, file final tax return and pay balance of 1954 tax.
- ***Partnerships*** file information return for 1954, form 1065.
- ***Executors*** file estate income tax return for 1954 and pay first quarterly tax installment.
- ***Trustees*** file trust income tax return for 1954 and pay entire tax.
- ***Unincorporated businesses*** filing tax returns on an individual basis may, under present law, elect to defer prepaid income and establish reserves for estimated expenses. Note, however, the move in Congress to repeal retroactively the clauses permitting such elections.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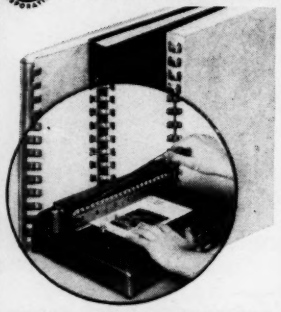

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** wait till September 15 to file a ***consolidated return*** for your company and an affiliated corporation if they have taxable years ending on or after Dec. 31, 1954, and before June 30, 1955. This extension of time is granted by the Commissioner of Internal Revenue for affiliated corporations that are allowed to make consolidated tax returns.

* * *

☑ **YOU CAN** get the National Labor Relations Board to stop a union from picketing retail stores of your customers if you have a fixed business location where the picketing can be carried out effectively. A federal court of appeals upholds a finding of the Labor Board that a union violated the ***secondary-boycott*** provisions of the Taft-Hartley Act by picketing customers of a soft-drink manufacturer.

* * *

☑ **YOU CAN,** in ***issuing securities*** for a corporation, invite competitive bids for the securities before the effective date of the registration statement. The Securities and Exchange Commission issues a ruling to clarify this point.

* * *

☑ **YOU CAN** avoid paying an ***excise tax*** on used automobile batteries that you recondition if they contain the original lead plates. A federal district court holds that such batteries are not subject to the manufacturers' excise tax.

* * *

☑ **YOU CAN** insist on a hearing if the State Department turns down your application for a ***passport.*** In ruling that an applicant cannot be denied a passport without a hearing, a federal district court does not suggest the form or manner of the hearing.

* * *

☑ **YOU CAN** entertain your employes the day before a ***collective-bargaining*** election without violating the Taft-Hartley Act. NLRB finds that an employer did not violate the law by furnishing his employes with alcoholic beverages on the day before an election and with coffee and rolls on the day of the balloting.

☑ **YOU CAN,** as a subcontractor, pay a commission to someone who helps you get business from a Government contractor. A State court of appeals rules that the prohibition against soliciting ***Government contracts*** on a commission or contingent-fee basis does not apply to subcontracts.

* * *

☒ **YOU CANNOT** expect to get the Labor Board to set aside the results of a ***plant election*** just because a union paid for food and drinks at a meeting of your employes in a tavern within 24 hours of the voting. This, according to the NLRB, did not violate its rules.

* * *

☒ **YOU CANNOT,** as a businessman who buys goods from manufacturers and sells them to retailers, make an agreement with your competitors to sell only at ***prices fixed*** by the manufacturers. In a case involving such a practice, the Federal Trade Commission issues a cease-and-desist order against a trade association, 23 manufacturers, 8 jobbers and 11 individuals.

* * *

☒ **YOU CANNOT** fail to disclose that artificial coloring has been added to ***fur products*** that you sell. The Federal Trade Commission says failure to give this information violates the Fur Products Labeling Act.

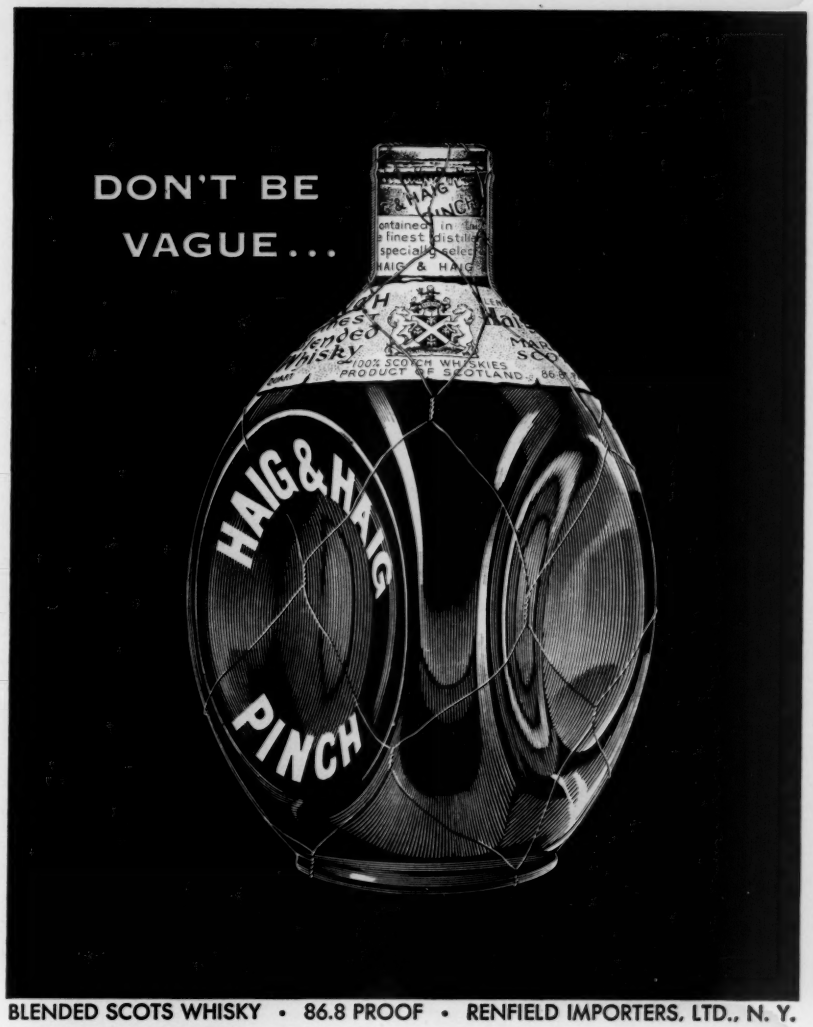
* * *

☒ **YOU CANNOT,** in handling an ***estate tax,*** avoid including in the gross estate the value of a trust set up by the deceased, who reserved the power to modify or change the trust. A federal court of appeals rules that the trust must be included even though the creator amended the original trust document to give up his previously specified power to revoke it.

* * *

☒ **YOU CANNOT,** in ***reinstating a veteran*** who left your employment to enter the armed forces, fail to give him the place on the seniority list that he would have reached if he had not been away on military service. The U. S. Supreme Court holds that a returning veteran is entitled to this seniority position under the re-employment provision of the Selective Service Act. The same rule applies for persons now leaving regular jobs for military duty.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*



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Latest Indicators of Business Activity

Business activity is still expanding. Though vulnerable later this year to a drop that is sure to come in auto output, it will draw support then from an upturn in business spending for new plant and equipment.

Department-store sales were 11 per cent higher than a year ago in the week ended March 12.

Carloadings of manufactured goods were 10 per cent above a year ago.

Paperboard, used mainly in making containers for the shipment of consumer soft goods, is being produced at a rate about 10 per cent above the same period of last year.

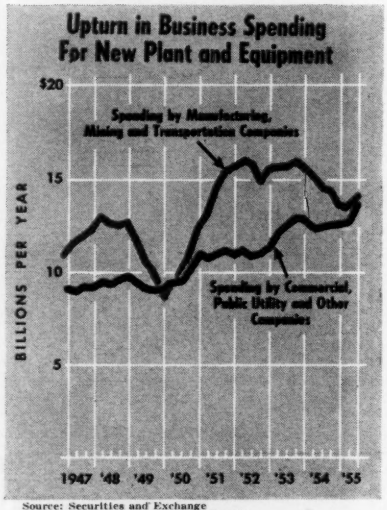
Unemployment is declining. Layoffs, measured by new claims for unemployment compensation, fell to only 219,000, lowest for this year. Insured unemployment was down to 1.8 million in the week ended March 5, a drop of 139,000 in a month.

Builders started homes under private financing at a rate of 1.4 million per year in February, 20 per cent above February, 1954. VA appraisal requests for new homes jumped to 64,192 in February, nearly 90 per cent above a year ago, second only to October, 1950. FHA new-home applications were about 40 per cent above a year ago.

Incentives for businessmen to add to plant and equipment have grown stronger. Sales and profits are rising, no financing problems are foreseen. The Government now permits new facilities to be charged off more rapidly in income tax returns, and this lessens the risk of new investment.

Planned expenditures of business for new plant and equipment are at a rate of 27.4 billions per year for the second quarter, a jump from 26 billions in the first. A rate of 27.4 billions is also indicated for the second half of 1955. It could be higher. Actual spending has exceeded estimates in the past when business was expanding.

A sharp bulge in expenditures by commercial and public-utility companies will take place in the second quarter, as the top chart shows. The housing boom, concentrated in suburban areas, is creating a large demand for shopping centers, pipelines, electric installations and other facilities. This demand will last for some time after home building turns down.


Upturn in Business Spending For New Plant and Equipment
$20
15
10
5
BILLIONS PER YEAR
Spending by Manufacturing, Mining and Transportation Companies
Spending by Commercial, Public Utility and Other Companies
1947 '48 '49 '50 '51 '52 '53 '54 '55
Source: Securities and Exchange Commission and Commerce Department
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A smaller gain is indicated for manufacturing, mining and transportation companies, as the chart shows. Capacity in these lines was expanded greatly after start of the Korean war. New demand is mainly for modernization.

Auto production, meanwhile, promises to soar above 750,000 in March, far surpassing the record of June, 1950. First-quarter output will approach 2.1 million, roughly a third of total output expected for 1955.

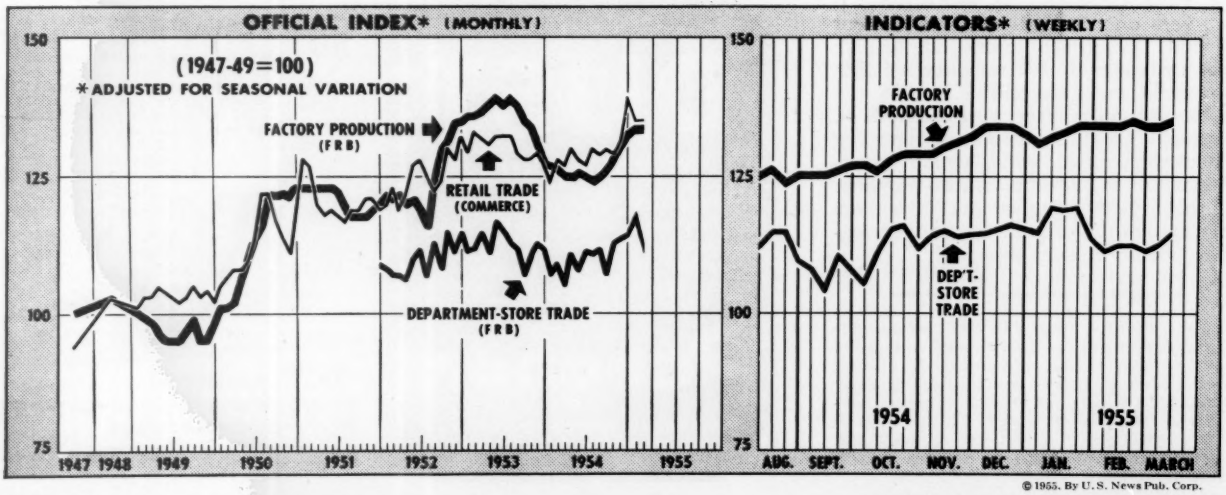
Uncertainties are multiplying for auto manufacturers and dealers.

Auto manufacturers will soon begin to negotiate with auto workers over the issue of a guaranteed annual wage, yet a congressional committee seeks to learn why auto manufacturers do not cut prices. A strike against Ford Motor Company or General Motors Corporation is threatened. But, strike or no strike, output will have to come down sharply in the second half.

Auto dealers report that their profits fell drastically in the fourth quarter of 1954. A lean period of active sales and low profits may lie ahead. Already, used-car sales are reported lagging behind sales of new cars.

Impact of the coming drop in auto production is sure to be felt by business activity. In January, 26.9 per cent of all steel shipments went to the auto industry. Industries making rubber products, glass, radios, fabricated metals parts, textiles, auto parts and accessories are among the many that will be affected.

More cheerful news for business is the upturn in plant and equipment expenditures. The U. S. economy may need the stabilizing effect of this kind of spending before the year is out.



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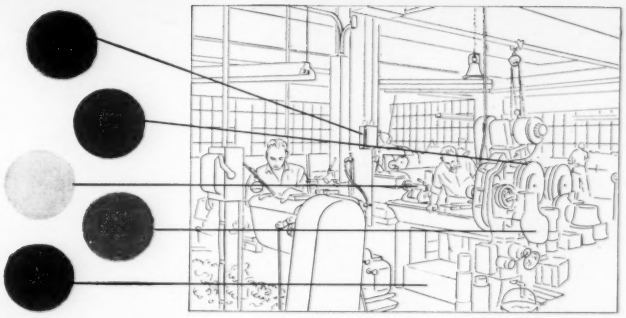

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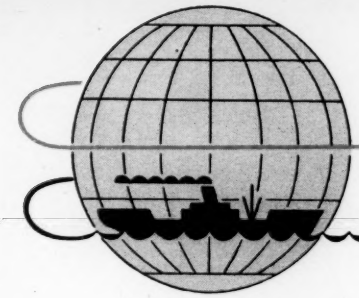


Business Around the World

LONDON • BONN • PARIS • HELSINKI

›› With the spring comes an outburst of wage demands in Europe. Skilled labor aims to cash in on its own scarcity value.

›› British workers are getting their raises while the getting is good.

British management, with good profits, isn't putting up much of a fuss.

British Government has qualms--but not noisy ones. The Conservatives in power--facing an election in coming months--are treading lightly in labor matters, saying little about wage trends. But thoughtful officials are really disturbed--in private. Here's why:

Higher wages mean more high-velocity money--waiting to be spent.

Already, domestic demand in Britain is so great as to interfere with exports. And exports must be increased to come nearer to paying for imports.

Product prices often rise in the wake of wage increases. But British export prices must be kept down. Competition for world markets is very keen.

If productivity rises, higher wages can be absorbed. But higher production is usually related to new machinery, new plant. And Britain's sharp step-up in interest rates will discourage borrowing for capital expansion.

All this sounds very much as though Britain is edging up to the inflation merry-go-round. That's the reason for the high-pressure worrying in London.

›› Meanwhile, British workers, by the millions, are getting raises.....

Railroad workers got theirs in January. Vauxhall--British General Motors--increased pay a couple of weeks ago.

Machinists and shipbuilders, a group of unions with more than 3 million members, have just had a pay increase. Coal miners are to get upward wage adjustments shortly. Building unions have claims coming up for attention.

Bigger subsidies are promised to farmers.

Everybody's getting in the act. It looks like a major wage move--just when Britain's troubles are piling up.

›› One British newspaper editorializes that a further round of British wage increases won't be so bad if Britain's competitors follow suit.

A big competitor--Western Germany--seems headed in the same direction.

German building workers are to get more money starting April 1.

Coal miners' union wants a big raise. Employers refuse to provide it. A strike is threatened. Coal stocks are at their lowest level for several years. Electric-power stations have practically no coal reserves.

Coal miners, usually the highest-paid laborers in Germany, have seen steelworkers and others pass them in the last year. Miners want to keep up with the

(over)

Joneses. Otherwise, miners will drift off to other jobs, they say.

Employers' position is that the coal price must rise if wages go up.

The Bonn Government wants to keep the coal price down. Cheap coal is the cornerstone of German ability to compete successfully in world export markets.

Other German unions are watching all this carefully. They are biding their time. But they have already announced a tougher policy. Unions have been quite docile in Germany in postwar years--except for some baring of teeth last year. For a long time a worker was glad enough to have a job, any job--and to recoup war losses. Now there's a shortage of skilled labor.

So, in Germany, too, the labor atmosphere is clouding up.

>> French workers last year got pay increases averaging nearly 8 per cent.

Minimum wages in France, upped twice last year, undoubtedly will be raised a bit more next month by the new and hard-pressed Faure Government. Each boost in the lowest-paid categories shoves up the higher wage scales.

Prices are edging up in France. And there is a shortage of skilled labor, as in Germany and Britain. These are symptoms of inflation--in a country whose main problem already is a price structure so high that exporting of many goods is possible only with Government subsidies.

>> In Scandinavia, too, wage questions have been very hot lately. Especially in Sweden. And now in Finland a large number of civil-service workers are striking against the Government for higher pay. Traffic on the nationalized railways was paralyzed last week, except for trains carrying goods to Russia.

>> Generally speaking, wages for some time back have been rising faster than prices in Western Europe, so that purchasing power has been increasing.

Improvement in "real" wages has been noticeable for more than a year. And it has been quite considerable in France, Germany, Britain and the Netherlands. Nearly every country has shown some improvement.

It's this rise in purchasing power that is behind the booming markets for all kinds of consumer goods in many European countries.

Movements to get even higher wages may be based on fears that prices are going to rise faster in the future. Or wage demands may simply represent an awakening of a new taste for the good things of life--unavailable for so long.

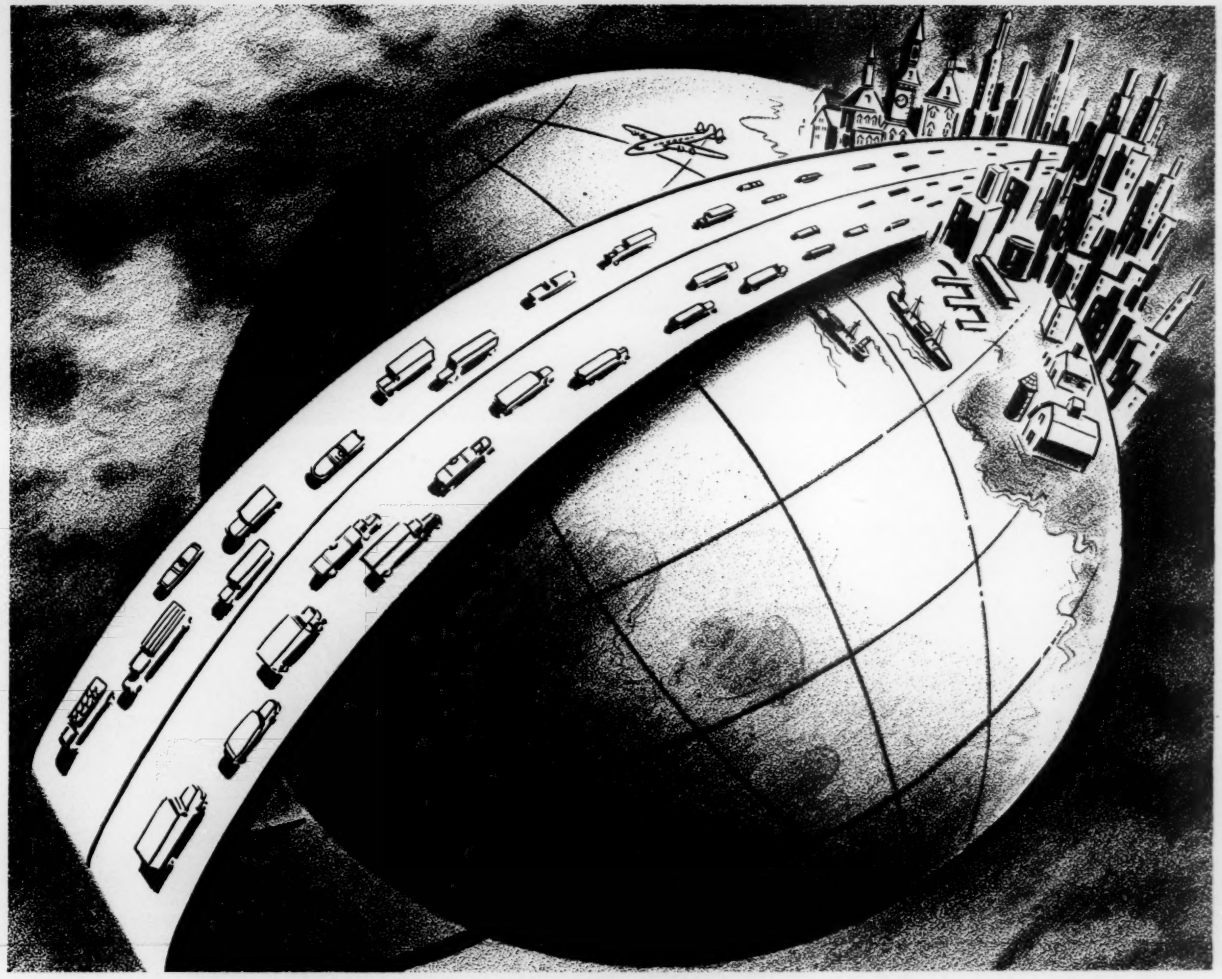
>> European wages, on average, are only a fraction of corresponding American wages. Yet American products have little difficulty competing in Europe if not blocked by import quotas or foreign-exchange gimmicks. Why is this? Regional Editor for USN&WR in Bonn recently went into this question. He reports:

"U.S. miners get 5 times as much pay per hour as German miners. But U.S. coal is successfully competing with Ruhr coal at Hamburg and Bremen. The U.S. steel wage is about 4½ times as much as the German steel wage, but U.S. sheet sells 10 per cent cheaper than German sheet in Lower Saxony.

"Average American wage in manufacturing is more than three times the German wage. But greater productivity of the U.S. worker evens things up.

"It isn't a difference in individual skills of U.S. vs. German workers. Difference stems from greater U.S. capital investment in machinery, U.S. technology, standardization of goods and techniques, marketing experience. Scarcity of capital especially has hampered German management."

(Advertisement)



WHERE IS THE WORLD'S BUSIEST TWO-WAY STREET?

When people talk about this street, they talk about "reciprocal trade" in the same breath.

This street runs right through your home town, keeps going clear around the world. You ride it every day.

Every time you look at your watch, you get into your car, you use the phone or go shopping or pay a bill, you travel the world's busiest two-way street.

If you have a doubt, consider this:

The United States does a big business with its friendly neighbors everywhere in the world. A business that runs into billions every year.

In return, the United States buys the things its friendly neighbors make.

A good example of this two-way street trade has been America's trade with the watchmakers of Switzerland.

In the past nine years, America purchased about $1,000,000,000 worth of goods from Switzerland—gaining a profitable trade balance of $500,000,000 for its businessmen, farmers and workers. Almost 50% of America's purchases was in our watches and watch movements.

In return, the Swiss bought more than $1,500,000,000 worth of American-made products in the same period. *Paid cash for them, too.* And were it not for the purchases America made in Switzerland, the Swiss people couldn't have bought many of the things you make. Electrical appliances, movies, airplanes. Furs, fuels, lubricants. Machinery, medicines, chemicals. Name it, and the Swiss probably bought it from the U.S.A.

For food and farm products alone, Switzerland spends about $68,000,000 a year in America.

So no matter how you earn your living—office work, farm work, teach, own a business, or take care of your home and family—you travel the two-way street of international trade.

Recently, this street has been narrowed, instead of widened. Tariff has gone up 50% on jeweled-lever Swiss watches and movements, and other serious restrictions on trade with the watchmakers of Switzerland are pending.

This means fewer watches will be sold in the U.S.A., fewer American exports to Switzerland.

But it's not too late to mend the potholes that are slowing down commerce on this economic highway. It's not too late to resurface the road that has helped keep prosperity high in both countries.

Goods and good will between friendly nations cannot go very far on a one-way street.

The past has shown it takes two-way trade to insure the security of our people, the expansion of our economies.

Published by
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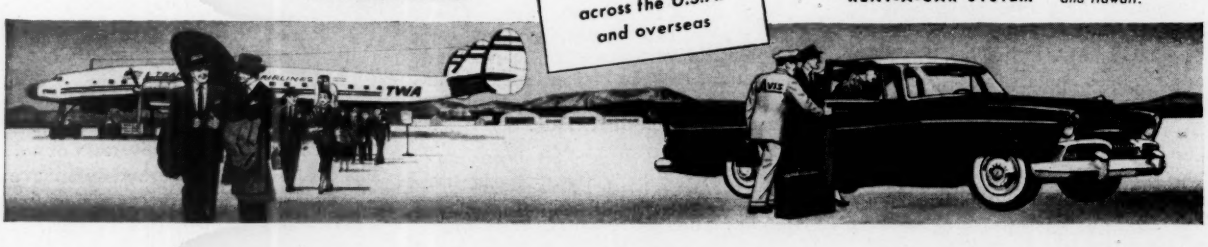

WHAT THE BIG 3 REALLY SAID AT YALTA

[continued from page 64]

for the dismemberment of Germany. The Prime Minister said, however, that personally he felt that the isolation of Prussia and the elimination of her might from Germany would remove the arch evil—the German war potential would be greatly diminished. He added that a south German state with perhaps a government in Vienna might indicate the line of great division of Germany. He said that we are agreed that Germany should lose certain territories conquered by the Red Army which would form part of the Polish settlement, but he added that the question of the Rhine valley and the industrial areas of the Ruhr and Saar capable of producing armaments had not yet been decided; should they go to one country, or should they be independent, or part of Germany, or should they come under the trusteeship of the world organization which would delegate certain large powers to see to it that these areas were not used to threaten the peace of the world. All this, the Prime Minister said, required careful study, and the British Government had not yet any fixed ideas on the subject. Furthermore, he said, no decision had been reached on the question as to whether Prussia after being isolated from the rest of Germany should be further divided internally. He said that we might set up machinery which would examine the best method of studying the question. Such a body could report to the three governments before any final decision is reached. He said we are well prepared for the immediate future, both as to thought and plans concerning the surrender of Germany. All that was required was a final agreement on zones of occupation and the question of a zone for France.

MARSHAL STALIN replied that it wasn't clear to him as to the surrender. Suppose, for example, a German group had declared that they had overthrown Hitler and accepted unconditional surrender. Would the three governments then deal with such a group as with Badoglio in Italy?

THE PRIME MINISTER replied that in that case we would present the terms of surrender, but if Hitler or Himmler should offer to surrender unconditionally the answer was clear—we would not negotiate under any circumstances with any war criminals and then the war would go on. He added it was more probable they would be killed or in hiding, but another group of Germans might indicate their willingness to accept unconditional surrender. In such a case the three Allies would immediately consult together as to whether they could deal with this group, and if so terms of unconditional surrender would immediately be submitted; if not, war would continue and we would occupy the entire country under a military government.

MARSHAL STALIN inquired whether the three Allies should bring up dismemberment at the time of presentation of the terms of unconditional surrender. In fact, he added, would it not be wise to add a clause to these terms saying that Germany would be dismembered, without going into any details?

THE PRIME MINISTER said he did not feel there was any need to discuss with any German any question about their future—that unconditional surrender gave us the right to determine the future of Germany which could perhaps best be done at the second stage after unconditional surrender. He said that we reserve under these terms all rights over the lives, property and activities of the Germans.

MARSHAL STALIN said that he did not think that the question of dismemberment was an additional question, but one of the most important.

THE PRIME MINISTER replied that it was extremely important, but that it was not necessary to discuss it with the Germans but only among ourselves.

MARSHAL STALIN replied that he agreed with this view but felt a decision should be made now.

THE PRIME MINISTER replied that there was not sufficient time, as it was a problem that required careful study.

THE PRESIDENT then said that it seemed to him that they were both talking about the same thing, and what Marshal Stalin meant was should we not agree in principle here and now on the principle of dismemberment of Germany. He said personally, as stated by him at Tehran, that he was in favor of dismemberment of Germany. He recalled that forty years ago, when he had been in Germany, the concept of the Reich had not really been known then, and any community dealt with the provincial government. For example, if in Bavaria you dealt with the Bavarian government and if in Hesse-Darmstadt you dealt with that government. In the last twenty years, however, everything has become centralized in Berlin. He added that he still thought the division of Germany into five states or seven states was a good idea.

THE PRIME MINISTER interrupted to say "or less," to which the President agreed.

THE PRIME MINISTER remarked that there was no need, in his opinion, to inform the Germans of our future policy—that they must surrender unconditionally and then await our decision. He said we are dealing with the fate of eighty million people and that required more than eighty minutes to consider. He said it might not be fully determined until a month or so after our troops occupy Germany.

THE PRESIDENT said he thought the Prime Minister was talking about the question of dismemberment. In his view he said he thought it would be a great mistake to have any public discussion of the dismemberment of Germany as he would certainly receive as many plans as there had been German states in the past. He suggested that the Conference ask the three Foreign Ministers to submit a recommendation as to the best method for the study of plans to dismember Germany and to report within twenty-four hours.

THE PRIME MINISTER said the British Government was prepared to accept now the principle of dismemberment of Germany and to set up suitable machinery to determine the best method to carry this out, but he couldn't agree to any specific method here.

MARSHAL STALIN said he wished to put a question in order to ascertain exactly what the intentions of the three governments are. He said events in Germany were moving toward catastrophe for the German people and that German defeats would increase in magnitude since the Allies of the Soviet Union intend to launch an important offensive very soon on the Western Front. In addition, he said that Germany was threatened with internal collapse because of the lack of bread and coal with the loss of Silesia and the potential destruction of the Ruhr. He said that such rapid developments made it imperative that the three governments not fall behind events but be ready to deal with the question when the German collapse occurred. He said he fully understood the Prime Minister's difficulties in setting out a detailed plan, and he felt therefore that the President's suggestion might be

acceptable: namely, (1) agreement in principle that Germany should be dismembered; (2) to charge a commission of the Foreign Ministers to work out the details; and, (3) to add to the surrender terms a clause stating that Germany would be dismembered without giving any details. He said he thought this latter point was important as it would definitely inform the group in power who would accept surrender unconditionally, whether generals or others, that the intention of the Allies is to dismember Germany. This group by their signature would then bind the German people to this clause. He said he thought it was very risky to follow the plan of the Prime Minister and say nothing to the German people about dismemberment by the Allies. The advantage of saying it in advance would facilitate acceptance by the whole German people of what was in store for them.

THE PRIME MINISTER then read the text of Article 12 of the surrender terms agreed on by the European Advisory Commission, in which he pointed out that the Allied governments have full power and authority over the future of Germany.

THE PRESIDENT said that he shared Marshal Stalin's idea of the advisability of informing the German people at the time of surrender of what was in store for them.

THE PRIME MINISTER said that the psychological effect on the Germans might stiffen their resistance.

Both THE PRESIDENT and MARSHAL STALIN said there was no question of making the decision public, and MARSHAL STALIN added that as far as he knew the surrender terms which Italy had accepted had not yet been made public.

THE PRIME MINISTER said he would find it difficult to go further than to give the assent of the British to the principle of dismemberment and the setting up of machinery to study the best method of putting it into effect.

It was agreed that the three Foreign Ministers should consider Article 12 of the surrender terms instrument in order to ascertain the best method of bringing in a reference to the intention to dismember Germany.

THE PRESIDENT then said that the question of the French zone remained to be decided. He said that he had understood from Marshal Stalin that the French definitely did not wish to annex outright the German territory up to the Rhine.

MARSHAL STALIN replied that this was not the case, since during the visit of General DeGaulle the French had made it quite plain that they intended to annex permanently the territory up to the Rhine.

THE PRIME MINISTER said that he did not feel it possible to discuss possible frontiers as they were considering only the zones of temporary military occupation. He added that he was for giving the French a definite zone which could come out of the British and possibly the American zones and that all he sought here was that the Soviet Government would agree that the British and American Governments should have the right to work out with the French a zone of occupation. He added that this zone would not in any way affect the proposed Soviet zone.

MARSHAL STALIN inquired whether or not the granting of a zone to France would not serve as a precedent to other states.

THE PRIME MINISTER pointed out that the occupation of Germany might be a long one and that the British Government was not sure that it could bear the burden alone for an extended period and that the French might be able to be of real assistance in this matter.

MARSHAL STALIN said that if the French were given a zone, would not that change the Tripartite control of Germany to a four-nation control.

THE PRIME MINISTER replied that the British Government expected that if France were given a zone they would, of course, participate in the control machinery, but that in regard to other nations that might assist in the occupation, such as Belgium or Holland, there would be no question of a specific zone and thus no part in the participation of the control machinery.

MARSHAL STALIN stated that he thought it would bring up many complications if we should have four nations instead of three participating in the determination of German matters. He thought that some method might be evolved whereby England might let the French, Belgians and Dutch assist in the occupation but without the right to participate in the Three Power decisions for Germany. He said that if this was accepted the Soviet Government might desire to ask other states to help in the occupation of the Soviet zone without any right to participate in the decisions of the control commission.

THE PRIME MINISTER replied that he felt that this brought up the whole question of the future role of France in Europe and that he personally felt that France should play a very important role. He pointed out that France had had a long experience in dealing with the Germans, that they were the largest naval power, and could be of great help in the administration of Germany. He went on to say that Great Britain did not wish to bear the whole weight of an attack by Germany in the future and for this reason they would like to see France strong and in possession of a large army. He said it was problematical how long the United States forces would be able to stay in Europe, and therefore, it was essential that France be relied upon to assist in the long term control of Germany.

THE PRESIDENT replied that he did not believe that American troops would stay in Europe much more than two years. He went on to say that he felt that he could obtain support in Congress and throughout the country for any reasonable measures designed to safeguard the future peace, but he did not believe that this would extend to the maintenance of an appreciable American force in Europe.

THE PRIME MINISTER said that he felt that France should have a large army since it was the only ally that Great Britain had in the West, whereas the Soviet Union in addition to their own powerful military establishment could count on the support of the Poles.

MARSHAL STALIN said he fully appreciated the necessity of a strong France, which had recently signed a treaty of alliance with the Soviet Union. He added that he had discussed this matter with Daladier before the war and recently in Moscow with General DeGaulle.

THE PRESIDENT then remarked that he felt that France should be given a zone, but that he personally felt that it would be a mistake to bring other nations into the general question of the control of Germany.

MARSHAL STALIN observed that if France was given the right to participate in the control machinery for Germany, it would be difficult to refuse other nations. He repeated that he wished to see France a strong power but that he could not destroy the truth, which was that France had contributed little to this war and had opened the gate to the enemy. In his opinion, he said, the control commission for Germany should be run by those who have stood firmly against Germany and have made the greatest sacrifices in bringing victory. He did not believe that France should belong on the list of such powers, but that it should be limited to the three nations represented here.

THE PRIME MINISTER replied that every nation had had their difficulties in the beginning of the war and had made mistakes. He said that France had gone down before the attacks of the new German tank and air units and while it was true that France had not been much help in the war, she still remained the nearest neighbor of Germany and of great

importance to Great Britain. He agreed that it would be inconvenient to add France to the present group of major allies, but he felt that British public opinion would not understand why France was being excluded from a problem which was of such direct concern to her. He observed that the destiny of great nations was not decided by the temporary state of their technical apparatus. He said that sooner or later we would have to take France in. He mentioned, however, that he had been against the participation of France in the present conference, which he understood was the opinion of the President and had gathered here was also that of Marshal Stalin. He concluded by saying that we must provide for France in the future to stand guard on the left hand of Germany otherwise Great Britain might again be confronted with the specter of Germany on the Channel at the Channel ports.

MARSHAL STALIN repeated that he would not like to see France as a participant in the control machinery for Germany, although he had no objections to their being given a zone within the British and American zones.

THE PRIME MINISTER pointed out that the control commission will be an extraordinary body under the orders of the governments concerned and that there was no reason to fear that basic policy in regard to Germany would be made by this commission.

THE PRESIDENT pointed out at this point that France was in fact a full member of the European Advisory Commission which was the only Allied body, apart from this Conference, which was considering the German problem.

THE PRESIDENT said that he favored the acceptance of the French request for a zone, but that he agreed with Marshal Stalin that France should not take part in the control machinery, otherwise other nations would demand participation. He went on to say, for example, that as a result of the deliberate German destruction of the dikes that large sections of Dutch farm land had been inundated by salt water and that it would be necessary to give the Dutch farmers compensation for a temporary period from German territory. He said that he understood that it would be at least five years before the flooded lands would be suitable for cultivation. If this was done, and he personally felt that it should be done, the Dutch might well claim a voice in the control machinery for Germany.

MR. EDEN then pointed out that there was no question of any zones for any other power except France, but that France would not accept a zone of occupation within the British and American zones without participation in the control commission.

MARSHAL STALIN remarked that Great Britain could speak for France in the control commission.

THE PRIME MINISTER supported Mr. Eden's theories and said that if France got a zone they must be given representation in the control commission, otherwise, the question of the administration of the French zone and its relation to the other zones would be impossible of solution. He again pointed out that the control commission would be a subordinate body similar to the European Advisory Council.

MARSHAL STALIN said that the control machinery for Germany would not be an advisory body but would be actively engaged every day in the administration of Germany. He added that he felt French participation would serve as a precedent for others.

THE PRIME MINISTER then suggested that the three Foreign Ministers be asked to study the question in relation to the French zone to the control commission.

MR. MOLOTOV said that the European Advisory Commission had already worked out a definite agreement on a tripartite administration of Germany.

MR. EDEN replied that there was no intention of reversing that decision but that he felt as practical matter the question of the relationship of the French zone to that of the control commission should be considered.

In reply to a question from Mr. Molotov, THE PRIME MINISTER repeated that there was no intention of giving the Belgians or Dutch a zone.

MR. EDEN repeated that the case of France was different and that they would not accept a zone subordinate to British control.

MARSHAL STALIN then said that he felt that there was agreement on the fact that France should be given a zone but should not be given participation in the control commission. The three Foreign Ministers should study the question of the relationship of the French zone to that of the commission.

MARSHAL STALIN then said that he would like to discuss the question of German reparations.

THE PRESIDENT said that in regard to reparations there was first of all the question of the desires and needs of principal allies and then subsequently that of the smaller countries, such as Belgium, Holland, Norway, etc. He said he would like to bring up the question of the Russian desires in regard to the utilization of German manpower.

MARSHAL STALIN replied that they had a plan for reparations in kind but were not ready yet to present any plan in regard to German manpower. He then said that Mr. Maisky would present the Soviet plan.

MR. MAISKY then outlined the Soviet plan for reparations for Germany. He said that the Soviet plan for reparations in kind envisaged two categories: (1) the removal from the national wealth of Germany of plants, machine tools, rolling stock, etc. to be completed within a period of two years after the end of hostilities, (2) yearly payments in kind to last for ten years. He said that in order to restore Soviet economy which had suffered so much from German aggression, and to safeguard the future security of Europe, it would be necessary to reduce German heavy industry by 80%. By heavy industry he meant iron and steel, electrical power and chemical industries. Specialized industry useful only for military purposes should be 100% removed. In this category would fall all aviation factories, synthetic oil refineries, etc. He said that the Soviet Government felt that with 20% of her heavy industry Germany would be in position to cover the economic needs of the country. He said the list of goods to be delivered during the 10 year period could be definitely fixed later on. He further proposed that in the interest of the orderly execution of the reparations plan and for the security of Europe there should be an Anglo-Soviet-American control over German economy which would last beyond the period of the reparations payment. All German enterprises which could be utilized for war purposes should be placed under international control with representatives of the Three Powers sitting on the boards of such enterprises. Mr. Maisky went on to say that in the calculation of losses as a result of German aggression the figures had been so astronomical that a selection and the establishment of a system of priorities for compensation had been necessary. He said that even direct material losses, such as public and private property, factories, plants, railroads, houses, institutions, confiscation of materials, etc. had been so large that no reparations could cover their loss. For this reason, priorities had been established according to indices, (1) the proportional contribution of any one nation to the winning of the war, (2) the material losses suffered by each nation. He said that those countries which had made the highest contribution to the war and had suffered the highest material losses would come into the first category and all others would fall into the second. Mr. Maisky proposed that there should be set up a special reparations committee of the three governments to sit in Moscow. He concluded that the total reparations shown in withdrawals and yearly payments

in kind which the Soviets required would reach a total of ten billion dollars.

THE PRIME MINISTER stated that he recalled very well the end of the last war and that although he did not participate in the peace settlement he had been very fully informed of the discussions. He remembered well that there had been only two billion pounds extracted from Germany in the form of reparations by the Allies after the last war and that even this would not have been possible had not the United States given Germany credits. He said, for example, that they had taken some old Atlantic liners from the Germans who had immediately proceeded on credit to build new and better ships. He recognized that the suffering which the Soviet Union had undergone in this war had been greater than any other power, but he felt that the Soviet Union would get nowhere near the sum which Mr. Maisky had mentioned from Germany. He said that at the end of the last war the Allies had also indulged themselves with fantastic figures of reparations but that these had turned out to be a myth. He said that the British Isles had also suffered in this war and that the British Government had disposed of the bulk of its assets abroad despite the generous help of Lend-Lease. He said that the British Isles had to export goods in order to import food, since they were dependent on imports for one-half of their food supply. He said that there would be no victorious country so burdened in an economic sense as Great Britian and that, therefore, if he could see any benefit to Great Britain in large reparations from Germany he would favor such a course but he very much doubted whether this was feasible. He added that other countries, such as Belgium, Holland and Norway also had claims against Germany. He said he was haunted by the specter of a starving Germany which would present a serious problem for the Allies since we could either say "It serves them right" or endeavor to help them. In the latter case, who would pay for the help. The Prime Minister concluded that if you wished a horse to pull a wagon that you would at least have to give it fodder.

MARSHAL STALIN observed that that was right, but care should be taken to see that the horse did not turn around and kick you.

THE PRESIDENT remarked that he had also been through the last war and that he remembered very vividly that the United States had lost a great deal of money. He said that we had lent over ten billion dollars to Germany and that this time we would not repeat our past mistakes. He said that in the United States after the last war the German property that had been sequestered during the war had been turned back to the German owners, but that this time he would seek the necessary legislation to retain for the United States all German property in America. He said that the Germans had no capital, factories, or other equipment that the United States needed but that he did not wish to have to contemplate the necessity of helping the Germans to keep from starving. He said, however, that he would willingly support any claims for Soviet reparations since he felt that the German standard of living should not be higher than that of the Soviet Union. He added that just as we expected to help Great Britain expand her export trade, we would also help the Soviet Union retain the reparations in kind which she required, as well as German manpower to reconstruct the devastated regions, but he felt that the Germans should be allowed to live in order that they might not become a burden on the world. The President concluded, however, that despite his desire to see the devastated areas in all countries, in the Soviet Union, in Great Britain, in France, and elsewhere, restored, he felt that reparations could not possibly cover the needs. He concluded that he was in favor of extracting the maximum in reparations from Germany but not to the extent that the people would starve.

MR. MAISKY then stated that while he appreciated the Prime Minister's points concerning the experiences after the last war in the matter of reparations, he felt that the failure in this respect had been due not to the fact that the reparations had been too heavy but to the transfer problem which was the rock on which the reparations policy was founded. He said that he must add that the financial policies of the United States and Great Britain contributed to the German refusal to pay. He said that the Germans had never paid more than one-quarter of the total reparations figure and had received a great deal more in credits and loans. Mr. Maisky stated that the purpose of reparations in kind was to avoid the problem of transfer. He pointed out that the amount desired by the Soviet Union was equal only to 10% of the present United States budget and equal to about six months' of the British expenditures in the war. The Soviet demands for German reparations equaled about 1½ times the United States budget in peace and about 2½ times the British budget. He said, of course, there was no intention to force Germany into starvation but he pointed out that he did not feel that the Germans had a right to a higher standard of living than that of Central Europe. He said Germany can develop her light industry and agriculture and that since the Germans would have no military expenditures there was no reason why Germany could not give a modest but decent standard of living to her people.

THE PRIME MINISTER said that the question of reparations should be examined by a sub-commission and that this commission should consider the claims of other countries who bore the facts of Nazi aggression as well.

THE PRESIDENT said that in his opinion the commission should be confined to the representatives of the Three Powers, to which Stalin agreed.

THE PRIME MINISTER said that he was in agreement, that in the first instance the representatives of the three major powers should consider the question.

MARSHAL STALIN said he felt that the commission could accomplish nothing unless it was given general directives from this Conference. He said he felt that the commission composed of the representatives of the three principal Allies must work on the basis that these Powers had contributed most to the common victory and should be given priority in the matter of reparations. He said that although the United States did not need machine tools she might well need raw materials which she could receive from Germany. He mentioned that the United States would take over German property in the United States as a part of her share.

THE PRESIDENT expressed agreement with this view.

MARSHAL STALIN continued that in calculating German capabilities, Germany's post-war resources should be also taken into consideration. Then all factories and farms would work not for war but for peace. He repeated that the Three Powers who had made the most sacrifices and had been the organizers of victory should have first claim on reparations. He stated that he did not include France among these powers since she had suffered less than Belgium, Yugoslavia, or Poland.

THE PRIME MINISTER pointed out that the Allies had done a great deal of damage in France.

MARSHAL STALIN replied that France could not expect to get reparations from the Allies. He said that he respected France but that he could not ignore the truth and that at the present moment France only had eight divisions in the war, Yugoslavia twelve and the Lublin Government of the Poles thirteen.

It was then agreed that the question of the main directives to a commission on reparations which would sit in Moscow would be referred to the Foreign Ministers who would report back to the Conference. It was agreed that the next meeting

would be 4:00 p.m. tomorrow, February 6, and that the questions of Dumbarton Oaks and Poland would be considered.

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THIRD PLENARY MEETING, FEBRUARY 6, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt	Mr. Harriman
Secretary Stettinius	Mr. Matthews
Fleet Admiral Leahy	Mr. Hiss
Mr. Hopkins	Mr. Bohlen
Mr. Byrnes	

UNITED KINGDOM

Prime Minister Churchill	Mr. Jebb
Foreign Secretary Eden	Mr. Wilson
Sir Archibald Clark Kerr	Mr. Dixon
Sir Alexander Cadogan	Major Birse
Sir Edward Bridges	

SOVIET UNION

Marshal Stalin	Mr. Gusev
Foreign Commissar Molotov	Mr. Gromyko
Mr. Vyshinsky	Mr. Pavlov
Mr. Maisky	

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TOP SECRET

Subjects: 1. World Security Organization.
2. The Polish Question.

World Security Organization

THE PRESIDENT inquired whether the committee of Foreign Ministers had anything to report to the Conference.

MR. STETTINIUS said[1] it had been decided to insert the word "dismemberment" of Germany into Article 12 of the unconditional surrender terms, but that Mr. Molotov had had some additional phrases which he wished to see put in.

MR. MOLOTOV replied that he was withdrawing his proposed additional words.

MR. STETTINIUS then said that they could report full agreement to insert the word "dismemberment" into Article 12 of the surrender terms but that they would like to have some more time before reporting on reparations and the relationship of the French zone to the control commission.

THE PRIME MINISTER said that he had not had an opportunity to obtain the consent of the War Cabinet to the proposed insertion but that he was glad to accept on the behalf of the British Government the decision on this point. He went on to say that in regard to the French zone he felt that the importance of France in the future had been enhanced by the limitation which the President yesterday had placed on the length of time United States forces might stay in Europe. He said that Great Britain would not be strong enough alone to guard the Western approaches to the Channel.

THE PRESIDENT said that he had spoken on the basis of present conditions and he felt public opinion in the United States would be prepared to support an international organization along the lines of Dumbarton Oaks and that this might change their attitude in regard to the question of troops. The President then added that he felt the Conference should now proceed to the consideration of the United States proposal in regard to Dumbarton Oaks. He felt strongly that all the nations of the world shared a common desire to see the elimination of war for at least fifty years. He said he was not so optimistic as to believe in eternal peace, but he did believe fifty years of peace were feasible and possible. He said that since neither he, Marshal Stalin, nor the Prime Minister had been present at Dumbarton Oaks he would ask the Secretary of State [Mr. Stettinius] who had been chairman of that conference to explain the United States position on the question of voting in the Security Council.

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MR. MOLOTOV said that the Soviet Government attached great importance to the question of voting in the Security Council and, therefore, he wished to study the United States proposal and in particular the effect of the drafting change and would be ready to discuss the question tomorrow.

THE PRIME MINISTER stated that the British Government had given the most careful consideration to the United States proposals. He had not agreed with the original proposal made at Dumbarton Oaks since he was anxious that the realities of the situation of the Three Great Powers should be considered, but in studying the President's latest proposal his anxieties on that score had been removed. He could thus say that on behalf of the British Commonwealth of Nations, the Empire and, he believed, the Self-Governing Dominions, the President's new proposals were entirely satisfactory. He said that in the last resort world peace depended on the friendship and cooperation of the three Governments, but that the British Government would consider that they were committing an injustice if reservation were not made for free statements of their grievances by small countries. The matter looks as though the Three Great Powers were trying to rule the world, whereas, our desires are to save the world and save it from a repetition of the horrors of this war. He said he felt that the Three Major Powers should make a proud submission. He said that he had looked into the whole matter as it would affect British interests and would give an illustration of why the British Government does not think the President's proposal would bring any harm to British interests. He said, for example, if China should raise the question of the return of Hongkong under the President's proposal, both China and Great Britain would be precluded from voting in regard to the methods of settlement of this controversy, as listed in the five points of the analysis read by Mr. Stettinius. In the last analysis Great Britain would be protected against any decision adverse to her interests by the exercise of the veto power under paragraph 3 of Mr. Stettinius' analysis.

MARSHAL STALIN inquired whether or not Egypt, for example, would be on the assembly.

MR. EDEN replied "yes, but not on the Council unless elected."

MARSHAL STALIN then said suppose Egypt raised the question of the return of the Suez Canal.

THE PRIME MINISTER replied that he hoped that Marshal Stalin would let him finish his illustration in regard to Hongkong.

THE PRIME MINISTER said that under paragraph 3 of Mr. Stettinius' analysis Great Britain would in fact have the right by their veto to stop all action against Great Britain by the Council of the World Organization. He, therefore, felt that it would not be necessary for Great Britain to agree to any decision contrary to her own interests and, for example, Great Britain would not be required to return Hongkong unless they felt that this should be done. China should, however, have the right to speak and the same considerations would apply to Egypt if that country had a complaint in regard to the Suez Canal. He concluded that he felt that insofar as the United States was concerned the same considerations would also apply. For example, in the event that Argentina raised a complaint against the United States.

THE PRESIDENT then said that he recalled that in the Tehran Declaration the Three Powers had stated.

"We recognize fully the supreme responsibility resting upon us and all the nations to make a peace which will command good will from the overwhelming masses of the peoples of the world. . . ."

THE PRESIDENT added that he thought this Declaration was pertinent to the discussion in progress.

THE PRIME MINISTER said that since he saw no reason to fear the United States proposals he was glad to associate the British Government with them. He added that because of our great power, which is still protected by the veto if we do not agree, we should allow others to be heard.

MARSHAL STALIN said that he would like to have this document to study, since only hearing it orally it was impossible to catch all of the implications. He said that the Dumbarton Oaks proposals already give the right of discussion in the assembly, but he did not believe that any nation would be satisfied with expressing its opinion. They would want some decision. He said that if Mr. Churchill thought that China after raising the question of Hongkong would be satisfied with merely expressing her opinion, he was mistaken since China would want a decision. The same was true of Egypt in the possible question of the Suez Canal. He added that it was not a question of one power or three powers desiring to be masters of the world since he felt that the Dumbarton Oaks organization put a brake on that. He said that he would like to ask for further clarification on what powers Mr. Churchill had in mind when he spoke of a desire to rule the world. He said that he was sure Great Britain had no such desire, nor did the United States and that that left only the U.S.S.R.

THE PRIME MINISTER replied that he had spoken of the three Great Powers who could collectively place themselves so high over the others that the whole world would say these three desired to rule.

MARSHAL STALIN then said ironically that it looks as though two Great Powers have already accepted a document which would avoid any such accusation but that the third has not yet signified its assent. He then went on to say that in his opinion there was a more serious question than the voting procedure or the question of the domination of the world. They all knew that as long as the three of them lived none of them would involve their countries in aggressive actions, but after all, ten years from now none of them might be present. A new generation would come into being not knowing the horrors of the present war. He felt that there was, therefore, an obligation to create for the future generation such an organization as would secure peace for at least fifty years. He said the main thing was to prevent quarrels in the future between the three Great Powers and that the task, therefore, was to secure their unity for the future. The covenant of the new World Organization should have this as its primary task. He said the greatest danger was conflict between the three Great Powers represented here, but that if unity could be preserved there was little danger of the renewal of German aggression. He said, therefore, a covenant must be worked out which would prevent conflicts between the three Great Powers. Marshal Stalin apologized for not having had an opportunity for studying in detail the Dumbarton Oaks proposals. He said he had been busy on other matters. He said that as he understood it, there were two categories of disputes involved in Mr. Stettinius' explanation: (1) conflicts which would require the application of sanctions, economic, political or military, and (2) conflicts which could be settled by peaceful means. He said in regard to the first the permanent members had a right to vote even if they were parties to such disputes. Under the second category, however, in conflicts susceptible to settlement by peaceful means, the parties in dispute would not be allowed to vote. He added that we Russians were being accused of spending too much time on the technique of voting, which he admitted. But they attached great importance to this question since all decisions were made by votes and they were interested in the decisions, not in the discussions. He said, for example, if China or Egypt raised complaints against England they would not be without friends or protectors in the assembly.

Both the PRIME MINISTER and MR. STETTINIUS pointed out that under the United States proposal the power of the World Organization could not be directed against any of the permanent members.

MARSHAL STALIN said that he was afraid that any conflict might break the unity of our united front.

THE PRIME MINISTER replied that he saw the force of that argument, but he did not believe that the world organization would eliminate disputes between powers and that would remain the function of diplomacy.

MARSHAL STALIN said that his colleagues in Moscow could not forget the events of December 1939 during the Finnish war when at the instigation of England and France the League of Nations expelled the Soviet Union from the League and mobilized world opinion against the Soviet Union, even going so far as to speak of a crusade.

THE PRIME MINISTER answered that at that time the British and French Governments were very angry at the Soviet Union and in any event any such action was impossible under the Dumbarton Oaks proposals.

MARSHAL STALIN said he was not thinking of expulsion but of the question of mobilization of opinion against one country.

THE PRIME MINISTER answered that he thought this might happen to any nation, but he doubted very much if either the President or Marshal Stalin would lead a savage attack against Great Britain and he felt this applied also to the other two countries.

THE PRESIDENT then said that he felt that the unity of the Great Powers was one of our first aims and that the United States policy promoted rather than impaired this aim. He said that should there unfortunately be any differences between the Great Powers, and there might well be, this fact would become fully known to the world no matter what voting procedure was adopted. In any event, there was no method of preventing discussions of differences in the assembly. He said that full and friendly discussions in the Council would in no sense promote disunity, but on the contrary, would serve to demonstrate the confidence which the Great Powers had in each other and in the justice of their own policies.

The Polish Question

THE PRESIDENT inquired whether the Polish question should be taken up now or postponed until the next meeting.

THE PRIME MINISTER said that he hoped that at least a start could be made today.

THE PRESIDENT said that the United States was farther away from Poland than anyone else here, and that there were times when a long distance point of view was useful. He said that at Tehran he had stated that he believed the American people were in general favorably inclined to the Curzon Line as the eastern frontier of Poland, but he felt that if the Soviet Government would consider a concession in regard to Lwow and the oil deposits in the Province of Lwow that would have a very salutary effect. He said that he was merely putting forth this suggestion for consideration and would not insist on it. He said that in regard to the government he wished to see the creation of a representative government which could have the support of all the great powers and which could be composed of representatives of the principal parties of Poland. He said one possibility which had been suggested was the creation of a Presidential Council composed of Polish leaders

which could then create a government composed of the chiefs of the five political parties—Workers Party, Peasant Party, Socialist Party, etc. He said that one thing must be made certain and that was that Poland should maintain the most friendly and cooperative relations with the Soviet Union.

MARSHAL STALIN replied that Poland should maintain friendly relations not only with the Soviet Union but with the other Allies.

THE PRESIDENT said he had merely put forth a suggestion but he thought if we could solve the Polish question it would be a great help to all of us. He added he didn't know personally any members of the London government or Lublin government, but he had met Mr. Mikolajczyk who had made a deep impression on him as a sincere and an honest man.

THE PRIME MINISTER said that he had consistently declared in Parliament and elsewhere that the British Government would support the Curzon Line, even leaving Lwow to the Soviet Union. He had been criticized for this and so had Mr. Eden, but he felt that after the burdens which Russia had borne in this war the Curzon Line was not a decision of force but one of right. He said he remained in that position. Of course, he added, if the mighty Soviet Union could make some gesture to the much weaker country, such as the relinquishment of Lwow, this act of magnanimity would be acclaimed and admired. He said he was much more interested in sovereignty and independence of Poland than in the frontier line—he wanted to see the Poles have a home where they could organize their lives as they wished. That was an objective that he had often heard Marshal Stalin proclaim most firmly, and he put his trust in those declarations. He said that he therefore had not considered the question of the frontier as a question of vital importance. It must not be forgotten, however, that Great Britain had gone to war to protect Poland against German aggression at a time when that decision was most risky, and it had almost cost them their life in the world. He said Great Britain had no material interest in Poland, but the question was one of honor and that his government would therefore never be content with a solution which did not leave Poland a free and independent state. The freedom of Poland, however, did not cover any hostile designs or intrigue against the U. S. S. R., and none of us should permit this. It is the earnest desire of the British Government that Poland be mistress in her own house and captain of her soul. He said that the British Government recognized the present Polish government in London but did not have intimate contact with it. He said he had known Mr. Mikolajczyk, Mr. Grabski and Mr. Romer and had found them good and honest men. He inquired whether there might be some possibility of forming a government here for Poland which would utilize these men. If this could be done all the great powers could then recognize it as an interim government until such time as the Poland government by free vote could select and form their own government. He concluded by saying he was interested in the President's suggestion.

At the suggestion of Marshal Stalin, there was a ten-minute intermission.

MARSHAL STALIN then gave the following summary of his views on the Polish question: Mr. Churchill had said that for Great Britain the Polish question was one of honor and that he understood, but for the Russians it was a question both of honor and security. It was one of honor because Russia had many past grievances against Poland and desired to see them eliminated. It was a question of strategic security not only because Poland was a bordering country but because throughout history Poland had been the corridor for attack on Russia. We have to mention that during the last thirty years Germany twice has passed through this corridor. The reason for this was that Poland was weak. Russia wants a strong, independent and democratic Poland. Since it was impossible by the force of Russian armies alone to close from the outside this corridor, it could be done only by Poland's own forces. It was very important, therefore, to have Poland independent, strong and democratic. It is not only a question of honor for Russia, but one of life and death. It was for this reason that there had been a great change from the policies of the Czars who had wished to suppress and assimilate Poland. In regard to the questions raised here on which we have different opinions, the following might be said:

In regard to the Curzon Line, concessions in regard to Lwow and the Lwow Province, and Mr. Churchill's reference to a magnanimous act on our part, it is necessary to remind you that not Russians but Curzon and Clemenceau fixed this line. The Russians had not been invited and the line was established against their will. Lenin had opposed giving Bialystok Province to the Poles but the Curzon Line gives it to Poland. We have already retreated from Lenin's position in regard to this province. Should we then be less Russian than Curzon and Clemenceau? We could not then return to Moscow and face the people who would say Stalin and Molotov have been less sure defenders of Russian interest than Curzon and Clemenceau. It is, therefore, impossible to agree with the proposed modification of the line. I would prefer to have the war go on although it will cost us blood in order to compensate for Poland from Germany. When he was in Moscow Mr. Mikolajczyk was delighted to hear that Poland's frontier would extend to the West Neisse River and I favor the Polish frontier on the West Neisse and ask the conference to support this proposal.

As to the question of the Polish government, Mr. Churchill has said it would be good to create a Polish government here. I am afraid that was a slip of the tongue, for without participation of the Poles it is impossible to create a Polish government. I am called a dictator and not a democrat, but I have enough democratic feeling to refuse to create a Polish government without the Poles being consulted—the question can only be settled with the consent of the Poles. Last autumn in Moscow there was a good chance for a fusion of the various Polish elements and in the meeting between Mikolajczyk, Grabski and Lublin Poles various points of agreement were reached as Mr. Churchill will remember. Mikolajczyk left for London but did not return since he was expelled from office precisely because he wanted agreement. Artieszewski *[Arciszewski]* and Raskiewycz *[Raczkiewicz]* are not only against agreement but are hostile to any idea of an agreement. Artieszewski has characterized the Lublin Poles as bandits and criminals and they naturally pay him back in the same coin. It will be difficult to bring them together. The Warsaw Poles, Bierut and Osubka Morawski, do not even want to talk about any fusion with the London government. I asked them what concessions they might make in this respect and they said they could tolerate Jelikowski *[Zeligowski]* or Grabski but they do not even want to hear about Mikolajczyk being prime minister. I am prepared to support any attempt to reach a solution that would offer some of success. Should we ask the Warsaw Poles to come here or perhaps come to Moscow? I must say that the Warsaw government has a democratic base equal at least to that of de Gaulle.

As a military man I demand from a country liberated by the Red Army that there be no civil war in the rear. The men in the Red Army are indifferent to the type of government as long as it will maintain order and they will not be shot in the back. The Warsaw, or Lublin, government has not badly fulfilled this task. There are, however, agents of the London government who claim to be agents of the underground forces of resistance. I must say that no good and much evil comes from these forces. Up to the present time they have killed 212 of our military men. They attack our supply bases to obtain arms. Although it has been proclaimed that all radio

stations must be registered and obtain permission to operate, agents of the London government are violating these regulations. We have arrested some of them and if they continue to disturb our rear we will shoot them as military law requires. When I compare what the agents of the Lublin government have done and what the agents of the London government have done I see the first are good and the second bad. We want tranquility in our rear. We will support the government which gives us peace in the rear, and as a military man I could not do otherwise. Without a secure rear there can be no more victories for the Red Army. Any military man and even the nonmilitary man will understand this situation.

THE PRIME MINISTER said that he must put on record the fact that the British and Soviet Governments have different sources of information in Poland and therefore they obtain different views of the situation there. He said it is possible that their reports are mistaken as it is not always possible to believe everything that anyone tells you. He believed, he added, that with the best of all their information he could not feel that the Lublin government represents more than one third of the people and would be maintained in power if the people were free to express their opinion. One of the reasons why the British have so earnestly sought a solution had been the fear that the Polish underground army would come into collision with the Lublin government, which would lead to great bloodshed, arrests and deportations which could not fail to have a bad effect on the whole Polish question. The Prime Minister said he agreed that anyone who attacks the Red Army should be punished, but he repeated that the British Government could not agree to recognizing the Lublin government of Poland.

The Conference then adjourned until four o'clock tomorrow.

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FOURTH PLENARY MEETING, FEBRUARY 7, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt	Mr. Harriman
Secretary Stettinius	Mr. Matthews
Fleet Admiral Leahy	Mr. Hiss
Mr. Hopkins	Mr. Bohlen
Mr. Byrnes	

UNITED KINGDOM

Prime Minister Churchill	Mr. Jebb
Foreign Secretary Eden	Mr. Wilson
Sir Archibald Clark Kerr	Mr. Dixon
Sir Alexander Cadogan	Major Birse
Sir Edward Bridges	

SOVIET UNION

Marshal Stalin	Mr. Maisky
Foreign Commissar Molotov	Mr. Gusev
	Mr. Gromyko
Mr. Vyshinsky	Mr. Pavlov

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TOP SECRET

Subject: 1. Dismemberment of Germany.
2. Poland.
3. World Security Organization.
4. Zone of Occupation in Germany for France and French Participation in the Control Commission.

THE PRESIDENT said in regard to the Polish question he wished again to emphasize that he was less interested in the tracing of the frontier lines than he was in the problem of the Polish Government. He said that he did not attach any importance to the continuity or legality of any Polish Government since he thought in some years there had in reality been no Polish Government. He added that before proceeding with the Polish question he understood that Mr. Molotov had a report on the meeting of the Foreign Ministers today.

MR. MOLOTOV then read the results of the Foreign Ministers' meeting, as follows:

"Decisions Adopted at the Meeting of the Three Ministers of Foreign Affairs, V. M. Molotov, Mr. Stettinius and Mr. Eden

February 7, 1945.

"1. Regarding the Dismemberment of Germany.

(a) A. Y. Vyshinsky, Mr. Cadogan and Mr. Matthews were entrusted with the preparation of the final draft of Article 12 of the instrument "unconditional surrender of Germany" having in view the insertion in the text of Article 12 of the word "dismemberment."

(b) The study of the question of the procedure of the dismemberment of Germany was referred to a committee consisting of Mr. Eden, Mr. Winant and F. T. Gusev.

"2. Regarding the Zone of Occupation in Germany for France.

(a) The allotment to France of a zone in Germany to be occupied by French occupational forces has been agreed upon.

(b) As regards the question of the participation of France in the Control Commission, V. M. Molotov and Mr. Stettinius feel desirable to refer the question to the EAC. Mr. Eden considers it necessary to discuss this question now and to give France a place on the Control Commission.

"3. Regarding the Reparations to be Exacted from Germany.

(a) It was agreed that in the paragraph one of the Soviet proposals mention should be made of sacrifices borne.

(b) It was decided that the residence of the Reparations Committee should be in the City of Moscow. It was agreed that the Committee should begin its work immediately upon the approval of the principles of the exacting of the reparations.

(c) It was decided that the discussion of the two documents relating to the matter of the reparations which have been submitted by V. M. Molotov, first, regarding the basic principles of exacting the reparations from Germany, and, second, regarding the organization of an Allied Reparations Committee, should be continued at the Crimean Conference."

THE PRESIDENT said that we are all grateful for the productive work of the three Foreign Ministers.

THE PRIME MINISTER added that he joined the President in thanking the Committee for their fruitful work but he said that since he had only heard their report orally he would wish to study the English translation, although, except for one point, he felt that he would be in complete agreement.

THE PRESIDENT inquired whether the document included Mr. Eden's reservation on France, to which MR. EDEN replied in the affirmative.

THE PRIME MINISTER stated that the British Government was unconvinced by the argument that it would be possible to accord a zone to the French without participation in the Control Commission. If the French were given a zone without participation they would cause endless trouble. If we were strict in our zones, they might be lenient in theirs and vice versa. He felt that it was of the utmost importance that there should be uniformity in the treatment of Germany by

the three or four Allies. He repeated that he felt the Control Commission for Germany would be a subordinate instrument as was the case in Italy, although we recognized that the German Commission would have more important tasks. He said he wished to make it clear that he did not consider that French participation in the Control Commission would give them any right to attend a conference such as this one, at least for the time being. He said he must state frankly that he found the arguments on the subject somewhat futile since it was obvious that France would accept no zone unless they were given participation in the Control Commission and he for one thought that they were right. He felt it was no good to refer the question to the European Advisory Commission which was a weaker body and particularly as France was represented on the Commission and only a deadlock could result with the French and British on one side and the Russians and Americans on the other. He therefore was of the opinion that the matter should be settled here, but it still required further study.

MARSHAL STALIN inquired whether the Prime Minister meant that it should be settled now or later.

THE PRIME MINISTER answered that it should be done now, but at some later stage of this Conference.

THE PRESIDENT then observed that would it not be better to postpone it for two or three weeks instead of two or three days.

THE PRIME MINISTER answered that he felt that once they had separated after this Conference it would be difficult to settle the question.

MARSHAL STALIN remarked that the three Governments had been able to settle a good many things by correspondence. Marshal Stalin then said that in the European Advisory Commission they could at least have the benefit of the French opinion which was not represented here.

* * *

THE PRESIDENT said that he agreed that France should not join this body but he was doubtful whether this would keep them quiet. He then suggested that they go on with the Polish question.

MARSHAL STALIN stated that he had received the President's letter containing the suggestion that they summon here from Lublin two representatives from the Lublin Government and two representatives from other elements of Polish public opinion and in the presence of these four Poles they should endeavor to settle the question of a new interim government for Poland which would be pledged to hold free elections when conditions permitted. He said he noted that there were three personalities from London, namely, Mr. Mikolajczyk, Mr. Grabski and Mr. Romer, who had been mentioned by the President as possible members of this new government. He said he had received the President's letter only an hour and a half ago and he had endeavored to reach the Lublin Poles by telephone but had been informed that they were away in Cracow and Lutz. He had attempted to ascertain their opinion. As to the others, he was not sure that they could be located in time for them to come to the Crimea and he mentioned in this connection especially Vicenta Witos and Sapieha. The Marshal added that Mr. Molotov has worked out some proposals on the Polish question which appeared to approach the President's suggestions, but that these proposals were not typed out. He suggested, therefore, that they proceed to the consideration of the Dumbarton Oaks proposal and he would ask Mr. Molotov to state the views of the Soviet Government.

MR. MOLOTOV said that yesterday we have heard Mr. Stettinius give a full report and explanations of the President's proposals and that this report and explanation had been satisfactory and had made the issue clear to the Soviet Delegation. He said that they had always also followed closely Mr. Churchill's remarks on the subject. He added that after hearing Mr. Stettinius' report and Mr. Churchill's remarks, which had clarified the subject, the Soviet Government felt that these proposals fully guaranteed the unity of the Great Powers in the matter of preservation of peace. Since this had been the main Soviet purpose at Dumbarton Oaks and they felt that the new proposals fully safeguarded this principle, he could state that they were entirely acceptable and that they had no comments to offer. He felt that there was full agreement on this subject. Mr. Molotov said that there was one question raised at Dumbarton Oaks, mainly that of participation of the Soviet Republics as initial members of the World Organization. He said the Soviet views were known as were those of the British and American Governments. He said the Soviet views were based on the constitutional changes which had occurred in February of last year and he did not think that this Conference should ignore this request.

It was not the Soviet intention to raise the question in the same form as had been done at Dumbarton Oaks, but they would be satisfied with the admission of three or at least two of the Soviet Republics as original members. These three Republics were the Ukrainian, White Russian and Lithuanian and he felt that three or at any rate should have the right to participate as original members. He said that it was superfluous to explain the size, population and importance of the Ukraine, White Russia or Lithuania or their importance in foreign affairs. He said that as these three Republics had borne the greatest sacrifices in the war and were the first to be invaded by the enemy, it was only fair, therefore, that these three or at any rate two be original members. He said that the Soviet Government put these proposals before the President and the Prime Minister and hoped that they would be accepted.

THE PRESIDENT then inquired whether Mr. Molotov meant members of the Assembly.

MR. MOLOTOV replied "yes," that they should be included among other members of that body. The Dominions of the British Commonwealth have gradually and patiently achieved their place as entities in international affairs. He said he felt that it was only right that three, or at least two, of these Soviet Republics should find a worthy place among the members of the Assembly. Their sacrifices and contributions to the war earned them this place. He said in closing that he wished to repeat that he fully agreed with the President's proposals and withdrew any objections or amendments but would request that three, or at least two, of the Soviet Republics mentioned above be given a chance to become equal members of the World Organization.

THE PRESIDENT said he was very happy to hear from Mr. Molotov the agreement of the Soviet Government to his proposals on voting in the Council. He felt that this was a great step forward which would be welcomed by all the peoples of the world. He said that he thought the next step was to consider the question of summoning a conference to organize the setting up of the World Organization. He said he thought that this conference could take place at the end of March, although it might be physically possible to do it within the next four weeks. He added that he had been greatly interested in what Mr. Molotov had said in regard to the participation of the Soviet Republics. He added that the British Empire, the USSR and the United States were very different in structure and in tradition. The British Empire, for example, had many large units, such as Canada, Australia, etc. The USSR had a different national structure. The United States had one language and one Foreign Minister. He felt, therefore, that Mr. Molotov's suggestion should be studied, particularly in the light of the possibility that if the larger nations were given more than one vote it might prejudice the thesis

of one vote for each member. He mentioned that certain countries are large in area, though small in population and referred in this connection to Brazil which he said was smaller than the USSR but larger than the United States. On the other hand, there were some countries that were small in area but large in population, such as Honduras and Haiti. He also mentioned the fact that there were a number of nations associated with the United Nations, such as Chile, Peru, Paraguay, Iceland, and others, which had broken relations with Germany but which were not at war. He concluded with the statement that he felt that the important thing was to proceed with the plans for a conference to set up the World Organization and that the question of the admission of countries not members of the United Nations could be considered either at that time or after the organization was in operation. He said he suggested, therefore, that the question raised by Mr. Molotov should be studied by the Foreign Ministers who might also make recommendations as to the time and place of the conference and as to what nations should be invited.

THE PRIME MINISTER said he would like to express his heartfelt thanks to Marshal Stalin and Mr. Molotov for this great step forward which he felt would bring joy and relief to the peoples of the world. On the question of membership of the Soviet Republics, he said this had been put before us for the first time. He said he must agree with the President that the United States and the British Empire were different, that during the last twenty-five years the Self-Governing Dominions have taken their place in world affairs and have worked for peace and, if he might say so, for the furtherance of Democratic processes. The Dominions had come into the war when Great Britain declared war against Germany, knowing full well the weakness of Great Britain at that time. Great Britain had had no means of forcing them into this decision and into which they knew they could not often be consulted on major matters. He said that Great Britain could not agree to any organization which would reduce the status of the Dominions or exclude them from participation. That is why, Mr. President, the Prime Minister said, he had great sympathy with the Soviet request. His heart went out to mighty Russia which though bleeding was beating down the tyrants in her path. He said he could understand their point of view, as they were represented by only one voice in comparison with the British organization which had a smaller population, if only white people were considered. He was glad, therefore, that the President had made an answer to the Soviet proposal which in no way constituted a final negation. He added, however, that he could not exceed his authority and as he had just heard this proposal he would like to discuss it with the Foreign Secretary and possibly communicate it to London and he asked Marshal Stalin to excuse him as he could not give a precise answer today.

THE PRESIDENT remarked that his recommendations had been somewhat different. He had merely meant that the Foreign Ministers should study the question as well as that of the time and place of the conference and who should be invited.

THE PRIME MINISTER said that he did not disagree with the President's suggestions but he felt that the Foreign Ministers had already had a good deal of work thrust upon them. He said he must speak frankly and say that he foresaw difficulties in attempting to hold a meeting as soon as March. The battle would be at its height and more soldiers would be involved than at any time of the war. British domestic problems would be very pressing and their Ministers, including the Foreign Secretary, would be greatly occupied in Parliament. He also wondered whether the state of the world and in Europe in particular was not such as to make very difficult a meeting of all of the United Nations. He doubted whether any representatives at such conference would be able to have behind them the full thought of the vital forces of their countries.

THE PRESIDENT observed that he had only in mind a meeting to organize the setting up of the world organization, and that the world organization itself would probably not come into being for from three to six months after the conference.

THE PRIME MINISTER said that he had in mind the fact that some nations in March would still be under the German yoke and would be represented by governments in exile whose authority in regard to their own people would be questionable. Other countries would be starving and in misery, such as Holland. France would be there with a loud voice. There would be other countries represented there who had not suffered at all in the war and who had not lost a man. He wondered how such a gathering could really undertake the immense task of the future organization of the world.

THE PRESIDENT repeated his proposal, namely, that the Foreign Ministers could consider (1) the Soviet proposal regarding membership, (2) the date and place of the conference, and (3) what nations should be invited.

THE PRIME MINISTER said he had no object[ion] to the Foreign Ministers discussing this point but he said he must emphasize that this was no technical question but one of great decision. With this qualification, he agreed to the President's proposal.

MARSHAL STALIN remarked that the Foreign Ministers will not make decisions but merely report to the Conference.

There was a short intermission at this point.

THE PRIME MINISTER said that he proposed that the Foreign Ministers should consider the question of Iran and other matters of perhaps secondary importance but which should be considered.

THE PRESIDENT and MARSHAL STALIN agreed.

THE PRESIDENT then said, jokingly, that he hoped that forestry would be one of the points considered since he had not seen a tree in his visit last year to Tehran. He went on to say that he thought Iran was a good example of the type of economic problem that might confront the world if we are to bring about expansion of world trade and greater exchange of goods. He said that Persia did not have the purchasing power to buy foreign goods, and if expansion of world trade was to occur measures must be considered for helping those countries like Persia that did not have any purchasing power. He mentioned that before the advent of the Turks, Persia had had plenty of timber and thus plenty of water and her people had been reasonably prosperous, but that he personally had never seen a poorer country than Persia was at the present time. He therefore very much hoped that the new world organization would conduct a world-wide survey with a view to extending help to countries and areas that did not have sufficient purchasing power, either in cash or in foreign exchange.

THE PRESIDENT added that there was a parallel, he thought, in Europe in that certain countries had adequate supplies of power, such as coal and water power, and those countries had cheap and abundant electric power, whereas other countries within fifty miles had neither. He felt that this situation was wrong. He mentioned that in the Soviet Union and its various republics consideration had been given to the problem of a country as a whole, and in the United States the TVA had the same idea. He mentioned that in the region of the TVA electric current was sold at the same price throughout the area. He concluded that, having said his piece, he would now refer to Mr. Molotov for his proposals in regard to the Polish question.

MR. MOLOTOV then read his proposals in regard to the Polish question, as follows:

1. It was agreed that the line of Curzon should be the Eastern frontier of Poland with a digression from it in some regions of 5-8 kilometers in favor of Poland.

2. It was decided that the Western frontier of Poland should be traced from the town of Stettin (Polish) and farther to the South along the River Oder and still farther along the River Neisse (Western).

3. It was deemed desirable to add to the Provisional Polish Government some democratic leaders from Polish *émigré* circles.*

4. It was regarded desirable that the enlarged Provisional Polish Government should be recognized by the Allied Governments.

5. It was deemed desirable that the Provisional Polish Government, enlarged as was mentioned above in paragraph 3, should as soon as possible call the population of Poland to the polls for organization by general voting of permanent organs of the Polish Government.

6. V. M. Molotov, Mr. Harriman and Sir Archibald Clark Kerr were entrusted with the discussion of the question of enlarging the Provisional Polish Government and submitting their proposals to the consideration of the three Governments.

After reading the proposals, Mr. Molotov said he would like to add that they had attempted to reach the Poles in Poland by telephone but they had been unable to do so and it was apparent that time would not permit the carrying out of the President's suggestion to summon the Poles to the Crimea. He said he felt that the proposals he had just put forward went far toward meeting the President's wishes.

THE PRESIDENT replied that he must say he felt progress had been made in the light of Mr. Molotov's suggestions. He said there was just one word he did not like and that was "*émigré*". He said he did not see any necessity to go to *émigrés* since you could find enough Poles in Poland for the purpose. He repeated what he had said yesterday, namely that he did not know any of the Poles in the Poland government in London and he knew only Mr. Mikolajczyk. He concluded by saying he would like to have an opportunity, with Mr. Stettinius, to study Mr. Molotov's proposals, to which Marshal Stalin agreed.

THE PRIME MINISTER said he shared the President's dislike of the word "*émigré*". The word had originated during the French revolution and meant in England a person who had been driven out of a country by his own people. He said in the case of the Poles this wasn't true, since they had left their country as a result of the brutal German attack. He therefore preferred in place of the word "*émigré*" to refer to them as "Poles temporarily abroad". He said in regard to the second point of Mr. Molotov's proposals he would always support the movement of Polish frontiers to the west since he felt they should receive compensation, but not more than they can handle. He said it would be a pity to stuff the Polish goose so full of German food that it got indigestion. He said he felt that there was a considerable body of British public opinion that would be shocked if it were proposed to move large numbers of Germans, and although he personally would not be shocked he knew that that view existed in England. He said he felt if it were confined to East Prussia, six million Germans probably could be handled quite aside from moral grounds, but the addition of the line west of the Neisse would create quite a problem in this respect.

MARSHAL STALIN remarked that most Germans in those areas had already run away from the Red Army.

THE PRIME MINISTER said this, of course, simplified the problem, and in regard to the question of space in Germany for these deported persons he felt that the fact that Germany had had six to seven million casualties in this war and would probably have a million more would simplify that problem.

*The words "and from inside Poland" were added at the end of this paragraph in the subsequent discussion.

MARSHAL STALIN replied that the Germans might well have one or possibly two million more casualties.

THE PRIME MINISTER said that he wasn't afraid of the problem of transfer of populations provided that it was proportioned to the capacity of the Poles to handle it and the capability of the Germans to receive them. He felt, however, that it needs study, not only in principle but as a practical matter. He said he had one other comment. In the Soviet proposal some reference should be made to other democratic leaders from within Poland itself.

MARSHAL STALIN agreed and the words "and from inside Poland" were added at the end of paragraph 3 of the Soviet statement.

THE PRIME MINISTER then concluded that he agreed with the President that it would be well to sleep on this problem and take it up tomorrow, but he did feel that some progress had been made.

At the President's suggestion the meeting was adjourned until four o'clock tomorrow afternoon.

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President Roosevelt to Marshal Stalin [Yalta], February 6, 1945.

MY DEAR MARSHAL STALIN: I have been giving a great deal of thought to our meeting this afternoon, and I want to tell you in all frankness what is on my mind.

In so far as the Polish Government is concerned, I am greatly disturbed that the three great powers do not have a meeting of minds about the political setup in Poland. It seems to me that it puts all of us in a bad light throughout the world to have you recognizing one government while we and the British are recognizing another in London. I am sure this state of affairs should not continue and that if it does it can only lead our people to think there is a breach between us, which is not the case. I am determined that there shall be no breach between ourselves and the Soviet Union. Surely there is a way to reconcile our differences.

I was very much impressed with some of the things you said today, particularly your determination that your rear must be safeguarded as your army moves into Berlin. You cannot, and we must not, tolerate any temporary government which will give your armed forces any trouble of this sort. I want you to know that I am fully mindful of this.

You must believe me when I tell you that our people at home look with a critical eye on what they consider a disagreement between us at this vital stage of the war. They, in effect, say that if we cannot get a meeting of minds now when our armies are converging on the common enemy, how can we get an understanding on even more vital things in the future.

I have had to make it clear to you that we cannot recognize the Lublin Government as now composed, and the world would regard it as a lamentable outcome of our work here if we parted with an open and obvious divergence between us on this issue.

You said today that you would be prepared to support any suggestions for the solution of this problem which offered a fair chance of success, and you also mentioned the possibility of bringing some members of the Lublin government here.

Realizing that we all have the same anxiety in getting this matter settled, I would like to develop your proposal a little and suggest that we invite here to Yalta at once Mr. Bierut and Mr. Osobka-Morawski from the Lublin government and also two of three from the following list of Poles, which according to our information would be desirable as representatives of the other elements of the Polish people in the

development of a new temporary government which all three of us could recognize and support: Bishop Sapieha of Cracow, Vincente Witos, Mr. Zurlowski, Professor Buyak, and Professor Kutzeba. It, as a result of the presence of these Polish leaders here, we could jointly agree with them on a provisional government in Poland which should no doubt include some Polish leaders from abroad such as Mr. Mikolajczyk, Mr. Grabski and Mr. Romer, the United States Government, and I feel sure the British Government as well, would then be prepared to examine with you conditions in which they would dissociate themselves from the London government and transfer their recognition to the new provisional government.

I hope I do not have to assure you that the United States will never lend its support in any way to any provisional government in Poland that would be inimical to your interests.

It goes without saying that any interim government which could be formed as a result of our conference with the Poles here would be pledged to the holding of free elections in Poland at the earliest possible date. I know this is completely consistent with your desire to see a new free and democratic Poland emerge from the welter of this war.

Most sincerely yours,

FRANKLIN D. ROOSEVELT

* * *

ROOSEVELT-STALIN MEETING, FEBRUARY 8, 1945, 3:30 P.M., LIVADIA PALACE

PRESENT

UNITED STATES	SOVIET UNION
President Roosevelt	Marshal Stalin
Mr. Harriman	Foreign Commissar Molotov
Mr. Bohlen	Mr. Pavlov

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TOP SECRET

I. Air Bases in the Far East

THE PRESIDENT said that with the fall of Manila the war in the Pacific was entering into a new phase and that we hoped to establish bases on the Bonins and on the islands near Formosa. He said the time had come to make plans for additional bombing of Japan. He hoped that it would not be necessary actually to invade the Japanese islands and would do so only if absolutely necessary. The Japanese had 4,000,000 men in their army and he hoped by intensive bombing to be able to destroy Japan and its army and thus save American lives.

MARSHAL STALIN said he did not object to the United States having bases at Komsomolsk or at Nikolaevsk. He said the first was on the lower reaches of the Amur River and the second at its mouth. He said that in regard to the bases on Kamchatka he thought we would have to leave that until a later stage since the presence of the Japanese Consul there made it difficult at this time to make the necessary arrangements. At any rate, he added, the other two bases in the Maritime Provinces were nearer.

MARSHAL STALIN added that there had been one phrase in regard to "commercial routes" in the President's letter on the subject which had not been clear to him.

THE PRESIDENT said he had had in mind the importance of the supply routes across the Pacific and Eastern Siberia to the Soviet Union and he felt that once war broke out between Japan and the Soviet Union it would become very important but also very difficult to get by the Japanese Islands.

MARSHAL STALIN indicated that he recognized the importance of these supply routes and again repeated that he had no objection to the establishment of American bases in the Maritime provinces.

THE PRESIDENT handed the Marshal a paper in which it was requested that the Soviet staff be instructed to enter into planning talks with the United States staff.

MARSHAL STALIN indicated that he would give the necessary instructions.

II. Use of airfields and survey of bomb damage in Eastern and Southeastern Europe

THE PRESIDENT said he had two questions of a military nature relating to Europe which he wished to take up with the Marshal. He then handed to Marshal Stalin two papers in English which were translated into Russian.*

The first was a request that the United States Air Force be allowed to use certain airfields in the vicinity of Budapest in order to carry out bombing operations against the Germans. The President said that at the present time the American bombers based in Italy had to make a long and hazardous flight over the Alps in order to reach Germany.

The second paper contained a request that a group of United States experts be permitted to make surveys of the effects of bombing in the areas liberated or occupied by the Red Army in Eastern and South Eastern Europe, similar to the surveys that had been made at Ploesti. The paper asked that this group be permitted to proceed at once since it was important to examine the damage while the evidence was still fresh and the people who had been there during the bombing still were on the spot.

MARSHAL STALIN said he could grant both these requests and would immediately give the necessary orders.

III. Sale of Ships to the Soviet Union after the War

MARSHAL STALIN mentioned that Mr. Stettinius had told Mr. Molotov there was a possibility that the United States would have surplus shipping property after the war which might be sold to the Soviet Union.

THE PRESIDENT said this would require some changes in legislation which he hoped to work out so that surplus shipping after the war not needed by the United States and Great Britain could be transferred on credit without any interest. He said after the last war the mistake had been made of attempting to charge interest for the disposal of surplus property but it had not worked. His idea was to transfer the ships for a fixed sum on credit which would include the cost of the ship less the cost of depreciation, so that in twenty years the entire credit would be extinguished. He said that the British had never sold anything without commercial interest but that he had different ideas.

MARSHAL STALIN expressed gratification at the President's statement and said this shipping would greatly ease the task of the Soviet Union in the future.

THE PRESIDENT replied that he hoped the Soviet Union would interest itself in a large way in the shipping game.

MARSHAL STALIN said that he thought the President's idea was a very good one and also that Lend-Lease was a remarkable invention, without which victory would have been delayed. He said that in former wars some allies had subsidized others but this had offended the allies receiving the subsidies and had led to difficulties. Lend-Lease, however, produced no such resentment, and he repeated his opinion of the extraordinary contribution of Lend-Lease to the winning of the war.

THE PRESIDENT replied that four years ago, when having a rest on his small yacht, he had thought and thought of a way to help the Allies and at the same time avoid the difficulties inherent in loans, and had finally hit upon the scheme of Lend-Lease.

*Texts of these papers not found.

IV. Far East: Russian Desires

Following the discussion of certain military questions involved in the Far East, MARSHAL STALIN said that he would like to discuss the political conditions under which the USSR would enter the war against Japan. He said he had already had a conversation on this subject with Ambassador Harriman.

THE PRESIDENT said he had received a report of this conversation, and he felt that there would be no difficulty whatsoever in regard to the southern half of Sakhalin and the Kurile Islands going to Russia at the end of the war. He said that in regard to a warm water port in the Far East for the Soviet Union, the Marshal recalled that they had discussed that point at Tehran. He added that he had then suggested that the Soviet Union be given the use of a warm water port at the end of the south Manchurian railroad, at possibly Dairen on the Kwantung peninsula. The President said he had not yet had an opportunity to discuss this matter with Marshal Chiang Kai-shek, so therefore he could not speak for the Chinese. He went on to say that there are two methods for the Russians to obtain the use of this port: (1) outright leasing from the Chinese; (2) making Dairen a free port under some form of international commission. He said he preferred the latter method because of the relation to the question of Hong Kong. The President said he hoped that the British would give back the sovereignty of Hong Kong to China and that it would then become an internationalized free port. He said he knew Mr. Churchill would have strong objections to this suggestion.

MARSHAL STALIN said there was another question and that involved the use by the Russians of the Manchurian railways. He said the Czars had use of the line running from Manchouli to Harbin and from there to Dairen and Port Arthur, as well as the line from Harbin running east to Nikolsk-Ussurisk connecting there with the Khabarovsk to Vladivostok line.

THE PRESIDENT said that again, although he had not talked with Marshal Chiang Kai-shek on the subject, there were again two methods of bringing this about: (1) to lease under direct Soviet operation; (2) under a commission composed of one Chinese and one Russian.

MARSHAL STALIN said that it is clear that if these conditions are not met it would be difficult for him and Molotov to explain to the Soviet people why Russia was entering the war against Japan. They understood clearly the war against Germany which had threatened the very existence of the Soviet Union, but they would not understand why Russia would enter a war against a country with which they had no great trouble. He said, however, if these political conditions were met, the people would understand the national interest involved and it would be very much easier to explain the decision to the Supreme Soviet.

THE PRESIDENT replied that he had not had an opportunity to talk to Marshal Chiang Kai-shek and he felt that one of the difficulties in speaking to the Chinese was that anything said to them was known to the whole world in twenty-four hours.

MARSHAL STALIN agreed and said he did not think it was necessary yet to speak to the Chinese and that he could guarantee the security of the Supreme Soviet. He added that it would be well to leave here with these conditions set forth in writing agreed to by the three powers.

THE PRESIDENT indicated that he thought that this could be done.

MARSHAL STALIN went on to say that in regard to the Chinese, T. V. Soong was expected to come to Moscow at the end of April, and he said that when it was possible to free a number of Soviet troops in the west and move twenty-five divisions to the Far East he thought it would be possible to speak to Marshal Chiang Kai-shek about these matters.

MARSHAL STALIN said that in regard to the question of a warm water port the Russians would not be difficult and he would not object to an internationalized free port.

V. Trusteeships

THE PRESIDENT then said he wished to discuss the question of trusteeships with Marshal Stalin. He said he had in mind for Korea a trusteeship composed of a Soviet, an American and Chinese representative. He said the only experience we had had in this matter was in the Philippines where it had taken about fifty years for the people to be prepared for self-government. He felt that in the case of Korea the period might be from twenty to thirty years.

MARSHAL STALIN said the shorter the period the better, and he inquired whether any foreign troops would be stationed in Korea.

THE PRESIDENT replied in the negative, to which Marshal Stalin expressed approval.

THE PRESIDENT then said there was one question in regard to Korea which was delicate. He personally did not feel it was necessary to invite the British to participate in the trusteeship of Korea, but he felt that they might resent this.

MARSHAL STALIN replied that they would most certainly be offended. In fact, he said, the Prime Minister might "kill us". In his opinion he felt that the British should be invited.

THE PRESIDENT then said he also had in mind a trusteeship for Indochina. He added that the British did not approve of this idea as they wished to give it back to the French since they feared the implications of a trusteeship as it might affect Burma.

MARSHAL STALIN remarked that the British had lost Burma once through reliance on Indochina, and it was not his opinion that Britain was a sure country to protect this area. He added that he thought Indochina was a very important area.

THE PRESIDENT said that the Indochinese were people of small stature, like the Javanese and Burmese, and were not warlike. He added that France had done nothing to improve the native since she had the colony. He said that General de Gaulle had asked for ships to transport French forces to Indochina.

MARSHAL STALIN inquired where de Gaulle was going to get the troops.

THE PRESIDENT replied that de Gaulle said he was going to find the troops when the President could find the ships, but the President added that up to the present he had been unable to find the ships.

VI. Internal Conditions in China

THE PRESIDENT said that for some time we had been trying to keep China alive.

MARSHAL STALIN expressed the opinion that China would remain alive. He added that they needed some new leaders around Chiang Kai-shek and although there were some good people in the Kuomintang he did not understand why they were not brought forward.

THE PRESIDENT said General Wedemeyer and the new Ambassador, General Hurley, were having much more success than their predecessors and had made more progress in bringing the communists in the north together with the Chungking government. He said the fault lay more with the Kuomintang and the Chungking Government than with the so-called communists.

MARSHAL STALIN said he did not understand why they did not get together since they should have a united front against the Japanese. He thought that for this purpose Chiang Kai-shek should assume leadership. He recalled in this connection that some years ago there had been a united front and he did not understand why it had not been maintained.

FIFTH PLENARY MEETING, FEBRUARY 8, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt	Mr. Harriman
Secretary Stettinius	Mr. Matthews
Fleet Admiral Leahy	Mr. Hiss
Mr. Hopkins	Mr. Bohlen
Mr. Byrnes	

UNITED KINGDOM

Prime Minister Churchill	Mr. Jebb
Foreign Secretary Eden	Mr. Wilson
Sir Archibald Clark Kerr	Mr. Dixon
Sir Alexander Cadogan	Major Birse
Sir Edward Bridges	

SOVIET UNION

Marshal Stalin	Mr. Gusev
Foreign Commissar Molotov	Mr. Gromyko
Mr. Vyshinsky	Mr. Pavlov
Mr. Maisky	

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TOP SECRET

Subjects: World Security Organization
Poland
Periodic Meetings of Foreign Ministers
Yugoslavia and Greece

THE PRESIDENT opened the meeting by stating that he understood the Foreign Secretaries could report complete success and he wished to congratulate them on their work and to ask Mr. Eden to report to the Conference.

MR. EDEN then read the report of that morning's meeting of the Foreign Secretaries:

"Report by Foreign Secretaries to Plenary Meeting of Conference on World Organization questions.

1. The Foreign Secretaries met on February 8th

(a) To consider the question of membership of the World Organization of two (or three) of the Republics of the Soviet Union,

(b) To recommend what states should be invited to the proposed United Nations Conference, and

(c) To recommend the time and place at which that Conference should be held.

2. It was decided to make the following recommendations to the Plenary Meeting:

(a) The United Nations Conference on the proposed World Organization should be summoned for Wednesday, 25th April, 1945, and should be held in the United States of America,

(b) The United Nations, as they existed on February . . . , ° 1945, i.e., those who had at the date signed the United Nations Declaration, would be the only states invited to the Conference on World Organization. It will be for the Conference to determine the list of original members of the Organization. At that stage the Delegates of the U. K. and U. S. A. will support the proposal to admit to original membership two Soviet Socialist Republics.

° N.B. The blank represents the date of the end of the Conference [Footnote in the original.]

3. The Foreign Ministers' meeting has established a sub-committee to examine further details in connection with the proposals for a World Organization and will report shortly to the Plenary Meeting."

MR. EDEN concluded by saying that they were glad to accept the invitation of the United States Government to hold the meeting on April 25 in the United States. He added that he hoped that the next meeting of Foreign Ministers would, therefore, take place in London. Mr. Eden stated, in commenting on the report, that the British Delegation did not think it right for others to share the status of United Nations membership merely in order to participate in the Conference, but he understood that the United States Delegation had other views. He said a sub-committee was considering the details.

MARSHAL STALIN said that among the states which would be represented at the conference there were ten who had no diplomatic relations with the Soviet Union. He said that it was somewhat strange for the Soviet Government to attempt to build future world security with states which did not desire to have diplomatic relations with it. He asked what could be done about this matter.

THE PRESIDENT replied that he knew that most of these states would like to have relations with the Soviet Union but had just not gotten around to doing anything about it. There were a few, however, where the reasons were different and where the influence of the Catholic Church was very strong. He said that he would like to point out, however, that the Soviet Union had sat down with these states at Bretton Woods and UNRRA conferences.

MARSHAL STALIN replied that this was correct but that at this conference they were to consider the vital question of the establishment of world security.

THE PRESIDENT then said that he would have to go back a bit into history. Three years ago the then Acting Secretary of State, Mr. Welles, had told these few American Republics that it was not necessary to declare war on Germany but only to break diplomatic relations. Therefore, there were five or six South American countries who felt that they had taken the advice of the United States Government and were, therefore, in good standing. It was a fact, he added, that these states had helped us a great deal in the war effort. He said, speaking frankly, this advice had been a mistake and that a month ago the Secretary of State had brought up with him this embarrassing question. As a result he had sent letters to the presidents of these six countries urging them to declare war against the common enemy. Ecuador had already done so and Peru's declaration could be expected at any time, and he hoped the others before long.

MARSHAL STALIN then inquired about Argentina.

THE PRESIDENT said that we are considering a conference of United Nations and Associated Nations who had helped in the war effort.

MARSHAL STALIN said he had no love for Argentina but he felt that there was a contradiction in logic. He inquired what was the criteria [*sic*] for admission of states and mentioned in this connection Turkey. He said he felt there were nations who had really waged war and had suffered, and there were others who had wavered and speculated on being on the winning side.

THE PRESIDENT replied that it was his idea that only those Associated Nations who had declared war should be invited and he suggested that the time limit should be the first of March.

MARSHAL STALIN agreed with this suggestion.

THE PRIME MINISTER said he recommended the President's suggestion that only those countries who had declared war would be invited. He said he sympathized with the point of view of Marshal Stalin and pointed out that many countries had played a poor part. He felt, however, there would be

some advantage of having a whole new group of nations declare war on Germany for the effect on German morale.

THE PRESIDENT remarked that in addition to the South American countries there was, of course, Iceland, the newest of the United Nations Republics.

THE PRIME MINISTER said that in the case of Egypt, she had on two occasions wished to declare war but had been advised against it by the British Government, who had felt that it would be more useful and convenient to have Egypt a non-belligerent in order to protect Cairo from systematic bombings. He said that the Egyptian army had rendered good service to the cause. They had maintained good order, guarded bridges, etc. He felt that if Egypt now desired to declare war she should have the opportunity. He said Iceland had rendered valuable service at a time when the United States had not entered the war and had permitted the entry of British and United States troops, thus violating her neutrality in a marked manner, at the same time assuring a vital lane of communications to the British Isles.

MARSHAL STALIN remarked that this did not apply to former enemy states who had recently declared war on Germany.

THE PRESIDENT and THE PRIME MINISTER heartily agreed.

THE PRIME MINISTER said that he certainly did not include Eire among the possible candidates, since they still maintained German and Japanese missions. He said he would refer to a new one that would not be greeted with universal approbation, namely Turkey. Turkey, however, had made an alliance with Great Britain at a very difficult time, but after the war had been in progress she had discovered she would not be up-to-date for modern war. Her attitude had been friendly and helpful, although she had not taken the chance provided them a year ago to enter the war.

MARSHAL STALIN replied that if Turkey declared war before the end of February he agreed to her being invited to the conference.

THE PRIME MINISTER expressed gratifications with the Marshal's attitude.

THE PRESIDENT then said that there remained the question of Denmark, that they had been over-run by the enemy in one night and that the King had been virtually a prisoner and that only the Danish Minister in Washington, Mr. De Kauffman had voiced the sentiments which he knew all Danes felt and had repudiated the actions of his government.

MARSHAL STALIN observed that he thought Denmark should wait.

THE PRESIDENT and THE PRIME MINISTER agreed and the latter added that once she was liberated she would certainly have the right to join the organization.

MARSHAL STALIN remarked, however, that Denmark had let the Germans in.

MARSHAL STALIN then said he hoped that in the recommendations of the Foreign Ministers it would be possible to name the Soviet Republics, that is, the Ukrainian and White Russian Republics. This was accepted.

MR. MOLOTOV then asked would it not facilitate the admission of these two Soviet Republics as members of the assembly if they signed the United Nations Declaration before the first of March.

THE PRESIDENT reverting to the list of countries to be invited to the conference proposed that it be the United Nations, the Associated Nations and Turkey, provided the latter declared war before the first of March and signed the United Nations Declaration.

THE PRIME MINISTER remarked that it would not seem quite right to him to take in small countries who had done so little, simply by the expedient of their declaring war and to exclude the two Soviet Republics from the meeting. He said he had very much in mind the martyrdom and sufferings of the Ukraine and White Russia.

MARSHAL STALIN said he also thought it was illogical and stated that although the three Powers had agreed to recommend that the Ukraine and White Russia be members of the assembly, might not the fact that they had not signed the United Nations Declaration serve as an excuse for excluding them.

THE PRESIDENT and MR. STETTINIUS assured Marshal Stalin that this would not occur.

THE PRIME MINISTER remarked that he had preferred confining the conference to the United Nations but if others would be added he thought the Soviet Republics should also be added.

MARSHAL STALIN said "I don't want to embarrass the President, but if he will explain his difficulties we will see what can be done."

THE PRESIDENT then said that it was technical question but an important one. Up to the present they had been discussing the question of invitations to separate states, that is, new countries to be added to the list but that now it was not a question of a new country but of giving one of the Great Powers three votes instead of one in the assembly and that he felt that was a matter which would be put before the conference and that we had all three agreed to support the Soviet request.

MARSHAL STALIN inquired would it not be all right if the Ukraine and White Russia signed the United Nations Declaration.

THE PRESIDENT replied that he did not think this would overcome the difficulty.

MARSHAL STALIN then said he withdrew his proposal.

THE PRESIDENT expressed gratification at the Marshal's decision.

THE PRIME MINISTER then remarked that he had had time to study yesterday's report of the meeting of the Foreign Ministers and that he could give it his approval.

THE PRESIDENT then turned to the question of the proposals which he had sent to the British and the Soviet Delegations this morning in regard to Poland. He said he had noticed they were very close to those of Mr. Molotov but would like to have his comments.

MR. MOLOTOV inquired whether the last point of the President's proposal in regard to the recognition of a Government of National Unity would mean that the London Government would then disappear.

THE PRIME MINISTER replied that when we recognize the new government we would of course withdraw our recognition of the London Government.

MARSHAL STALIN replied that when we recognized the new government, what would happen then to the property and resources of the London Government. Would they remain in the possession of Arcieszewski?

THE PRIME MINISTER replied that he thought that the withdrawal of recognition would take care of that and, [*sic*]

THE PRESIDENT said that in his opinion the property would go to the new government.

There was then declared a short recess.

THE PRIME MINISTER said that the British had put in a paper on Poland but that he did not know whether it had been studied by the other Delegations. He said that with some slight amendments, if a decision in principle was reached he was prepared to accept the President's proposals which have been under discussion.

MR. MOLOTOV said he had some observations to make on the President's proposals. He said that their proposals made yesterday had been based on certain realities existing in Poland. It was impossible to ignore the existence of the present Polish government and he said that the Soviet Government had felt that it would be useful to have discussions on the basis of enlarging that government with the addition

of other democratic elements from within Poland and abroad. He said that the Lublin, or Warsaw, government stands at the head of the Polish people and enjoys great prestige and popularity in the country. The Poles would never agree to any solution which would greatly change the Provisional Government. We might have some success if we start from the basis that the present Provisional Government should be enlarged. The people who now compose the Polish Provisional Government have been closely connected with the great events of the liberation of Poland, but Messrs. Mikolajczyk, Grabski and Witos have not been directly connected with these events. Therefore, if we wish to achieve a practical result it should be done on the basis of the enlargement of the present government, but how many and who they should be is the subject we should talk about. He said his observations apply not only to the question of a new government but also to the proposed presidential committee. It was a difficult question, admittedly, but it stemmed from the Polish people, and he said he had grave doubts as to whether it would be feasible. He said we might be creating additional difficulty through a presidential committee since there already existed a national council, Kavaya Rada, which of course could be enlarged. He was sure, however, that it was better to discuss the whole question on the basis of the existing situation. It must be borne in mind that both the National Council and Provisional Government are temporary, and he had noted in all three proposals one common point of view, namely the holding of free elections in Poland, but during the temporary period pending such elections it was extremely important to insure stable rule in Poland.

MR. MOLOTOV said in regard to the question of frontiers he was glad to note the complete agreement on the eastern boundary, namely the Curzon Line with slight modifications, but he also noted that on the western boundary there was no unanimity. He said that they knew that the Provisional Government stood for the Western frontier as outlined in the Soviet proposals. He added that they will have to ask the Poles about this, but he was in no doubt that they would categorically support this frontier.

MR. MOLOTOV said with reference to negotiations in Moscow between himself, Mr. Harriman and Sir Archibald Clark Kerr we are all agreed it would be desirable to have these three talk with the Poles. He said that in so far as he knew, the Provisional Government always sent three persons to speak for the Government—Bierut, Osobka-Morawski, and General Rola-Zymierski. As for the Poles from the other side, it seems to him that the President's proposals yesterday seemed more acceptable. He said he did not exclude the possibility that some Poles from abroad could be involved, but he is not a bit sure about Mikolajczyk, especially after the autumn talks in Moscow. Yesterday the President had proposed five names. He thought it would be a good idea to invite the three members of the Provisional Government mentioned above and two from the President's list of other Poles submitted yesterday.

THE PRESIDENT inquired whether Mr. Molotov meant that the presidential committee or an interim government should be avoided.

MR. MOLOTOV replied that he thought it would be better to avoid the presidential committee and to enlarge the National Council and the Provisional Government. He and Mr. Harriman and Sir Archibald could discuss the question of how to enlarge the Council and Government with three representatives from the Polish Provisional Government and two persons from the President's list of other Poles. The results of these discussions could then be submitted to the three Governments. He concluded that he had only discussed the American proposals and had not touched on the Prime Minister's ideas.

THE PRIME MINISTER said that we were now at the crucial point of this great conference. He said we would be found wanting by the world should we separate recognizing different Polish governments. This would be accepted by the world as evidence of a breach between Great Britain and the United States on one hand and the Soviet Union on the other hand, with lamentable consequences in the future. It was stamping this conference with a seal of failure, and nothing else we did here would overcome it. He admitted, on the other hand, that we take different views of the same basic facts. According to the information of the British Government, the Lublin, or Warsaw, government does not commend itself to the overwhelming masses of the Polish people, and it is certainly not accepted abroad as representative of the people. If the British Government brushed aside the London government and went over to the Lublin government there would be an angry outcry in Great Britain. There was, in addition, the problem of the Poles outside Poland. He reminded the conference that on the Western and Italian fronts there was a Polish army of about 150,000 men who had fought steadily and very bravely for our cause. He did not believe that this army would be reconciled to the transfer of the British Government's support from the government with which it had dealt since the beginning of the war. It would be regarded as an act of betrayal of Poland. As Marshal Stalin and Mr. Molotov knew, he had no special feeling for the Polish government in London, which in his opinion had been foolish at every stage, but a formal act of transfer of recognition would cause the very greatest consequences. He pointed out that the group forming the new provisional government was only about one year old.

THE PRIME MINISTER made it clear that, speaking only for Great Britain, it would be said that the British Government had given away completely on the frontiers, had accepted the Soviet view and had championed it. To break altogether with the lawful government of Poland which had been recognized during all these five years of war would be an act subject to the most severe criticism in England. It would be said that we did not know what was going on in Poland—that we could not even get anyone in there to find out what was going on and that we had accepted in toto the view of the Lublin government. Great Britain would be charged with forsaking the cause of Poland and he was bound to say that the debates in Parliament would be most painful and he might add most dangerous to Allied unity. He added that all the above was on the supposition that they might find it possible to agree to Mr. Molotov's proposal. He said if they were to give up the London government it must be evident that a new start had been made on both sides from equal terms. Before such transfer of recognition His Majesty's Government would have to be convinced that a new government, representative of the Polish people, had been created, pledged to an election on the basis of universal sufferage by secret ballot with the participation of all democratic parties and the right to put up their candidates. When such elections were held in Poland, he said Great Britain would salute the government which emerges without regard for the Polish government in London. He concluded with the statement that it is the interval before such elections that is difficult and alarming.

MR. MOLOTOV suggested that perhaps the talks in Moscow might give some result, but it was very difficult to discuss the Polish question without participation with the Poles.

THE PRIME MINISTER remarked it was frightfully important that agreement should be reached on the question and that we should part over a signed agreement.

THE PRESIDENT said we were all agreed on the necessity of free elections and that the only problem was how Poland was to be governed in the interval.

MARSHAL STALIN said that he had heard complaints from

the Prime Minister that he had no information in regard to the situation in Poland. Mr. Churchill could get this information and he did not see why Great Britain and the United States could not send their own people into Poland. He said in regard to the popularity of the Provisional Government he could assure the conference that the people running the government were popular. The three leaders, Bierut, Osobka-Morawski and Rola-Zymierski had not fled from Poland but had stayed on in Warsaw and had come from the underground. It is necessary to bear in mind the psychology of people under occupation—their sympathies are with those who stayed and not with those who left the country. Marshal Stalin said that he did not claim that the men in the Provisional Government were geniuses—indeed, it is possible that there are cleverer people in the Polish government in London—he did not know. Perhaps the feeling of the Polish people in this respect was somewhat primitive, but it exists. What puzzles the Polish people is that a great event—the liberation of their country by the Red Army has occurred. This changes the mentality of the people. For many years the Poles had hated the Russians and with reason, since three times the Czarist government had participated in the partitioning of Poland. With the advance of the Soviet troops the liberation of Poland had changed the attitude of the Polish people toward Russia and old resentments had disappeared and good will had taken their place. He said it was his impression that the driving out of the Germans by the Red Army had been received by the Poles in the light of a great national holiday. The people had been surprised that the Polish government in London had not had any part in this great holiday. They inquire, "We of the National Council and Provisional Government participated in this holiday, but where are the London Poles?" These two circumstances lay at the base of the great popularity of the members of the Provisional Government, although they may not be great men. He said he did not think we could ignore these facts nor fail to take into account the feelings of the people. Mr. Churchill worries that we will leave here without an agreement. What therefore can we do? We have different information—the best method, therefore, would be to summon the Poles from the different camps and to learn from them. It would, of course, be better if free elections could be held right off, but up to now the war has prevented this, but the day is drawing near, however, when such elections could take place and the people could express their view in regard to the Provisional Government. He said he saw little difference between the position of de Gaulle and that of the Polish Provisional Government. Neither had been elected, and he could not say which one enjoyed the greatest degree of popularity—yet we all had dealt with de Gaulle and the Soviet Government concluded a treaty with him. Why should we be so different with regard to the Polish government, and why could we not deal with an enlarged Polish government. He added that de Gaulle had done nothing to arouse popular enthusiasm, whereas the Polish government had carried out a number of land reforms that had been most popular. The situation is not so tragic as Mr. Churchill pictured it. He felt the situation could be settled if we concentrated on the essential points. He said it would be better to deal with the reconstruction of the Provisional Government rather than to attempt to set up a new one. He said he felt Mr. Molotov was right, and rather than a presidential committee we might agree on increasing the Provisional Government.

THE PRESIDENT asked how long it would be, in the Marshal's opinion, before elections could be held in Poland.

MARSHAL STALIN replied it might be possible in a month provided no catastrophes occurred on the front and the Germans began to beat them.

THE PRIME MINISTER said of course they would welcome free elections but would not ask for anything that would hamper military operations.

THE PRESIDENT proposed that the matter be referred to the Foreign Ministers for study, and this was agreed to.

THE PRIME MINISTER said there was one small matter he wished to bring up before adjournment, and that was the periodic meeting of Foreign Ministers every three months.

THE PRESIDENT said he was in favor of this idea, but he knew that Mr. Stettinius was very busy with some of the Latin American countries and he felt it would be best to say they would meet when necessary and not fix any definite period for the meetings.

THE PRIME MINISTER said he hoped that the first of these meetings could be in London, to which the President and Marshal Stalin agreed.

MARSHAL STALIN then said he had one small matter which he would like to bring up. He would like to know what is holding back the formation of a unified government in Yugoslavia. He would also like to know what was going on in Greece. He said he had no intention of criticizing British policy there but he would merely like to know what was going on.

THE PRIME MINISTER said that Greece would take a great deal of time to explain and he would reserve it for the next meeting. He said in regard to Yugoslavia that the King had been persuaded, or even forced, to agree to a regency. Subasic was leaving soon, if he had not left already, for Yugoslavia to appoint the regents and form the government. The Prime Minister said that Mr. Eden tells him that there are two slight amendments, which he will take up with Mr. Molotov, to the agreement reached between Subasic and Tito. He added that he had always made it plain, both privately and publicly, that if the King would not agree to a regency he would be bypassed. He felt that in regard to the two amendments, if Marshal Stalin had said two words to Tito the matter would be settled.

MARSHAL STALIN replied that Tito is a proud man and he now was a popular head of a regime and might resent advice.

THE PRIME MINISTER replied that he felt that Marshal Stalin could risk this.

MARSHAL STALIN answered that he was not afraid.

THE PRIME MINISTER said that in regard to Greece he was hopeful peace would come on the basis of amnesties except for those who committed crimes against the laws of war. He doubted that government of all the parties could be established since they hated each other so much.

MARSHAL STALIN said that the Greeks had not yet become used to discussion and therefore they were cutting each others' throats.

THE PRIME MINISTER concluded he would be glad to give information on Greece. He said that recently Sir Walter Citrine and five members of the trades unions had gone to Greece and they might have their report. He said that they had had rather a rough time in Greece and they were very much obliged to Marshal Stalin for not having taken too great an interest in Greek affairs.

MARSHAL STALIN repeated that he had no intention of criticizing British actions there or interfering in Greece, but merely would like to know what was going on.

The conference adjourned until four p.m. tomorrow.

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United States Proposal on Poland, February 8, 1945

TOP SECRET

The proposals submitted by Mr. Molotov in regard to the Polish question in reply to the President's letter to Marshal

Stalin dated Februray 6, 1945, have been given careful study.

In regard to the frontier question, no objection is perceived to point One of the Soviet proposals, namely, that the Eastern boundary of Poland should be the Curzon line with modifications in favor of Poland in some areas of from five to eight kilometers.

In regard to point Two, while agreeing that compensation should be given to Poland at the expense of Germany, including that portion of East Prussia South of the Koenigsberg line, Upper Silesia, and up to the line of the Oder, there would appear to be little justification to the extension of the Western boundary of Poland up to the Western Neisse River.

In regard to the proposals of the Soviet Government concerning the future Government of Poland, it is proposed that Mr. Molotov, Mr. Harriman and Sir Archibald Clark Kerr be authorized on behalf of the three Governments to invite to Moscow Mr. Bierut, Mr. Osobka-Morawski, Bishop Sapieha, Mr. Vincent Witos, Mr. Mikolajczyk and Mr. Grabski to form a Polish Government of National Unity along the following lines:

1. There will be formed a Presidential Committee of three, possibly consisting of Mr. Bierut, Mr. Grabski and Bishop Saphieha, to represent the Presidential office of the Polish Republic.

2. This Presidential Committee will undertake the formation of a government consisting of representative leaders from the present Polish provisional government in Warsaw; from other democratic elements inside Poland, and from Polish democratic leaders abroad.

3. This interim government, when formed, will pledge itself to the holding of free elections in Poland as soon as conditions permit for a constituent assembly to establish a new Polish constitution under which a permanent Government would be elected.

4. When a Polish Government of National Unity is formed, the three Governments will then proceed to accord it recognition as the Provisional Government of Poland.

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TOP SECRET

Subject: General Conversation

The atmosphere of the dinner was most cordial, and forty-five toasts in all were drunk. Marshal Stalin was in an excellent humor and even in high spirits. Most of the toasts were routine—to the armed forces of the representative countries and the military leaders and the continuing friendship of the three great powers.

MARSHAL STALIN proposed a toast to the health of the Prime Minister, who he characterized as the bravest governmental figure in the world. He said that due in large measure to Mr. Churchill's courage and staunchness, England, when she stood alone, had divided the might of Hitlerite Germany at a time when the rest of Europe was falling flat on its face before Hitler. He said that Great Britain, under Mr. Churchill's leadership, had carried on the fight alone irrespective of existing or potential allies. The Marshal concluded that he knew of few examples in history where the courage of one man had been so important to the future history of the world. He drank a toast to Mr. Churchill, his fighting friend and a brave man.

THE PRIME MINISTER, in his reply, toasted Marshal Stalin as the mighty leader of a mighty country, which had taken the full shock of the German war machine, had broken its back and had driven the tyrants from her soil. He said he knew that in peace no less than in war Marshal Stalin would continue to lead his people from success to success.

MARSHAL STALIN then proposed the health of the President of the United States. He said that he and Mr. Churchill in their respective countries had had relatively simple decisions. They had been fighting for their very existence against Hitlerite Germany but there was a third man whose country had not been seriously threatened with invasion, but who had had perhaps a broader conception of national interest and even though his country was not directly imperilled had been the chief forger of the instruments which had led to the mobilization of the world against Hitler. He mentioned in this connection Lend-Lease as one of the President's most remarkable and vital achievements in the formation of the Anti-Hitler combination and in keeping the Allies in the field against Hitler.

THE PRESIDENT, in reply to this toast, said he felt the atmosphere at this dinner was as that of a family, and it was in those words that he liked to characterize the relations that existed between our three countries. He said that great changes had occurred in the world during the last three years, and even greater changes were to come. He said that each of the leaders represented here were working in their own way for the interests of their people. He said that fifty years ago there were vast areas of the world where people had little opportunity and no hope, but much had been accomplished, although there were still great areas where people had little opportunity and little hope, and their objectives here were to give to every man, woman and child on this earth the possibility of security and wellbeing.

In a subsequent toast to the alliance between the three great powers, MARSHAL STALIN remarked that it was not so difficult to keep unity in time of war since there was a joint aim to defeat the common enemy which was clear to everyone. He said the difficult task came after the war when diverse interests tended to divide the allies. He said he was confident that the present alliance would meet this test also and that it was our duty to see that it would, and that our relations in peacetime should be as strong as they had been in war.

THE PRIME MINISTER then said he felt we were all standing on the crest of a hill with the glories of future possibilities stretching before us. He said that in the modern world the function of leadership was to lead the people out from the forests into the broad sunlit plains of peace and happiness. He felt this prize was nearer our grasp than anytime before in history and it would be a tragedy for which history would never forgive us if we let this prize slip from our grasp through inertia or carelessness.

JUSTICE BYRNES proposed a toast to the common man all over the world. He said there had been many toasts and officials and while we all shared these sentiments we should never forget the common man or woman who lives on this earth.

MISS HARRIMAN, replying for the three ladies present, then proposed a toast to those who had worked so hard in the Crimea for our comfort, and having seen the destruction wrought by the Germans here she had fully realized what had been accomplished.

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SIXTH PLENARY MEETING, FEBRUARY 9, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES

President Roosevelt
Secretary Stettinius
Fleet Admiral Leahy
Mr. Hopkins
Mr. Byrnes
Mr. Harriman
Mr. Matthews
Mr. Hiss
Mr. Bohlen

UNITED KINGDOM

Prime Minister Churchill	Mr. Jebb
Foreign Secretary Eden	Mr. Wilson
Sir Archibald Clark Kerr	Mr. Dixon
Sir Alexander Cadogan	Major Birse
Mr. Edward Bridges	

SOVIET UNION

Marshal Stalin	Mr. Gusev
Foreign Commissar Molotov	Mr. Gromyko
Mr. Vyshinsky	Mr. Pavlov
Mr. Maisky	

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TOP SECRET

THE PRESIDENT said he understood the Foreign Ministers had another report to make, and he would ask Mr. Stettinius, who presided today, to give it.

MR. STETTINIUS then reported on the results of the discussion concerning the Polish question as follows:

The Foreign Ministers discussed at length the Polish Governmental question on the basis of a memorandum submitted by the American question on the basis of a memorandum submitted by the American Delegation. This memorandum, in accordance with Mr. Molotov's proposal, agreed to drop the question of the creation of a Presidential Committee.

With respect to reaching a formula on the question of the Polish Government, Mr. Molotov stated that he wished to present to Marshal Stalin certain new considerations advanced in the American memorandum before making a final statement. It was decided to continue discussion of this question at a later date and to report that the three Foreign Ministers thus far had not reached an agreement on the matter.

It was decided, at Mr. Churchill's request, that the Polish question would be discussed before Mr. Stettinius proceeded with the balance of his report.

MR. MOLOTOV said that the Soviet Delegation accepted as a basis of discussion the proposal put forward this morning at the meeting by Mr. Stettinius. He said the Soviet Delegation was very anxious to come to an agreement and he believed that this could be done with certain amendments to Mr. Stettinius' proposal. First, he offered an amendment which dealt with the first sentence of the formula. He suggested that in place of the sentence in Mr. Stettinius' draft that the following be substituted:

The present Provisional Government of Poland should be reorganized on a wider democratic basis with the inclusion of democratic leaders from Poland itself and from those living abroad, and in this connection this government would be called the National Provisional Government of Poland.

He added that the next two sentences remained unchanged, but he had a slight amendment to the last sentence, namely that the words "non-Fascist and anti-Fascist" be added before the words "democratic parties." He then said that he felt the last sentence dealing with the responsibilities of the Ambassadors of the three Governments in Warsaw to observe and report on the carrying out of the free elections should be eliminated since he felt certain this would be offensive to the Poles and would needlessly complicate the discussions. He said that it was the first duty of Ambassadors anyway to observe and report, and therefore no such statement is necessary. He concluded that with these slight amendments Mr. Stettinius' proposal made this morning was acceptable.

MR. MOLOTOV said he had one more request, and that was that the Subasic-Tito agreement in regard to Yugoslavia would be put into effect. He said that the Prime Minister, in messages to Marshal Stalin, had urged this, that there had been a series of delays, and he felt that agreement should be reached here. He felt that agreement should be reached here at this conference to put this agreement immediately into effect irrespective of the wishes of the King.

THE PRIME MINISTER replied he thought that the Yugoslavia question was virtually settled and would take no time, but he thought it better to proceed immediately to discuss the Polish question. He said he was glad to see that an advance had been made at the meeting of the Foreign Ministers and to hear Mr. Molotov's proposal on the urgent, immediate and painful problem of Poland. He said he wished to make some general suggestions that he hoped would not affect the movements the President had in mind. He said that here, in a general atmosphere of agreement, we should not put our feet in the stirrups and ride off. He said that he felt it would be a great mistake to hurry this question—it is better to take a few days of latitude than to endanger bringing the ship into port. He said it was a great mistake to take hurried decisions on these grave matters. He felt he must study the Polish proposals before giving any opinion.

THE PRESIDENT then proposed that Mr. Stettinius should finish his report on the meeting of Foreign Ministers this morning and then the conference would adjourn for half an hour in order to study Mr. Molotov's amendments to the Polish proposals.

MARSHAL STALIN and THE PRIME MINISTER agreed.

THE PRIME MINISTER repeated that he felt that this great prize should not be imperilled by too much haste, and he definitely did not want to leave this conference without an agreement on the subject, which he felt to be the most important we had before us.

MR. STETTINIUS then read the following report of the meeting of Foreign Ministers on the results of their discussions on reparations:

The American Delegation submitted a draft proposal on the basic principles of exacting reparations from Germany for study and recommendation by the Moscow Reparations Commission.

Agreement was reached on the first two points relative to which countries should receive reparations, and to the types of reparations in kind Germany should pay.

The Soviet and American Delegations reached agreement on the wording of the third (final) point to the effect that the Reparations Commission should consider in its initial studies as a basis for discussion the suggestion of the Soviet Government, that the total sum of the reparations in accordance with the points *(a)* and *(b)* of the preceding paragraph, should be twenty billion dollars and that 50% of it should go to the Soviet Union.

Mr. Eden reserved his position to await instructions from his Government.

The Soviet Delegation stated that reparations payments would be based upon 1938 prices, having possibly in mind increases of 10 to 15% on the prices of the items delivered.

MR. STETTINIUS then reported on the results of the discussion at the meeting of Foreign Ministers on the matter of providing machinery in the World Organization for dealing with territorial trusteeships and dependent areas, as follows:

It was agreed that the five Governments which will have permanent seats on the Security Council should consult each other prior to the United Nations Conference providing machinery in the World Charter for dealing with territorial trusteeship and dependent areas.

THE PRIME MINISTER interrupted with great vigor to say that he did not agree with one single word of this report on

trusteeships. He said that he had not been consulted nor had he heard of this subject up to now. He said that under no circumstances would he ever consent to forty or fifty nations thrusting interfering fingers into the life's existence of the British Empire. As long as he was Minister, he would never yield one scrap of their heritage. He continued in this vein for some minutes.

MR. STETTINIUS explained that this reference to the creation of machinery was not intended to refer to the British Empire, but that it had in mind particularly dependent areas which would be taken out of enemy control, for example, the Japanese islands in the Pacific. He said that it was felt that provision had to be made for machinery to handle this question of trusteeship for dependent areas taken from the enemy and he repeated that this was not intended to refer to the British Empire.

THE PRIME MINISTER accepted Mr. Stettinius' explanation but remarked it would be better to say it did not refer to the British Empire. He added that Great Britain did not desire any territorial aggrandizement but had no objection if the question of trusteeship was to be considered in relation to enemy territory. He asked how Marshal Stalin would feel if the suggestion was made that the Crimea should be internationalized for use as a summer resort.

MARSHAL STALIN said he would be glad to give the Crimea as a place to be used for meetings of the three powers.

MR. STETTINIUS then completed reading the report of the meeting of Foreign Ministers, as follows:

Trusteeships (continued)

It was also agreed that this subject should be discussed at the United Nations Conference itself.

The Sub-Committee appointed yesterday is continuing its work and will report to the Foreign Ministers today. This report will include matters pertaining to the form of the invitation to the forthcoming Conference. This subject was discussed at today's meeting, and there appears to be an identity of views thereon.

Iran

Sufficient time had not elapsed to permit the Soviet Delegation to give proper study to a paper submitted by Mr. Eden on this question.

The subject was consequently not discussed.

Yugoslavia

On the proposal of the Chairman, it was agreed that representatives of Mr. Eden and Mr. Molotov should be appointed to draw up a statement on the Yugoslav situation.

There was also agreement that before the termination of the Crimean Conference it would be desirable that agreement should be reached on the execution of the Subasic-Tito agreement.

THE PRIME MINISTER then asked if the Soviet Government had agreed to the two amendments proposed by Mr. Eden in regard to the Subasic-Tito agreement.

MR. MOLOTOV replied that it was a question of putting the agreement speedily into effect and that amendments meant more delays. He said that it would be better to ask Tito and Subasic concerning the amendments after the agreements had gone into effect.

THE PRIME MINISTER inquired whether it was too much to ask that legislative acts of the temporary authorities be subject to confirmation by democratic processes.

MARSHAL STALIN said that delays were very undesirable and that if the British proposed two more amendments the Soviet Government might propose some of their own. In the meantime, the government of Yugoslavia was held in the balance.

THE PRIME MINISTER said you couldn't say this, as Tito was a dictator and could do what he wants.

MARSHAL STALIN replied that Tito is not a dictator but the head of a national committee without any clear government, and this is not a good situation.

MR. EDEN replied that it was not a question of amendments before the agreement went into force but merely that this conference request that they be adopted. He said that Subasic was going to ask for it anyway and as Tito would agree everything would be all right.

MARSHAL STALIN said the first of the British amendments provided that any former members of the Skupshtina who had not collaborated with the Germans should be included in the anti-Fascist Vetch,* and the second suggested that all legislative acts of the anti-Fascist Vetch should be confirmed by a regularly elected body. He said that he agreed with these amendments and found them good, but first he would like the government to be formed and then propose the amendments to it.

MR. EDEN remarked that he felt if we could agree here on the amendments then we could ask Tito after the agreement was in force to adopt them.

MARSHAL STALIN agreed to this proposal. He added that he thought it would be a good idea to send a telegram stating the desires of the three powers to have the agreement put into effect irrespective of the King's wishes.

THE PRIME MINISTER and MR. EDEN explained that the question of the King had been settled and anyway wasn't important, and Subasic was on his way to Yugoslavia, unless weather had prevented him, to put the agreement into effect. The Prime Minister added that he thought we should here agree to advise the adoption of the amendments.

MARSHAL STALIN said that he had already agreed, and as a man of his word he would not go back on it.

There was then a half-hour intermission for the study of the Polish proposals.

THE PRESIDENT said that after studying Mr. Molotov's amendment we were now very near agreement and it was only a matter of drafting. He said that for those governments which still recognized the London government the use of the words "Provisional Government" was somewhat difficult, and he felt that the first words of Mr. Molotov's amendment might read "The Government now operating in Poland." He said he felt it was very important for him in the United States that there be some gesture made for the six million Poles there indicating that the United States was in some way involved with the question of freedom of elections, and he therefore felt that the last sentence concerning the reports of the Ambassadors was important. He repeated that he felt, however, that it was only a matter of words and details and the three Foreign Ministers might meet tonight to discuss it.

THE PRIME MINISTER said he agreed with the President that progress had been made, but he felt that the draft might be tied up by the Foreign Ministers this afternoon. He said that he had two points now that he wished to emphasize. He felt it was desirable to mention in the beginning the new situation that had been created as a result of the liberation of Poland by the Red Army which called for a government more broadly based. He said this might be an ornament but nevertheless an important ornament. He said the second question was more important and related to the last sentence of the United States draft. He said he would make an appeal to Marshal Stalin in that one of the great difficulties in the Polish situation was the lack of accurate information, and we were thus called on to make a decision of great responsibility on the basis of inadequate information. He said that we know that there are bitter feelings among the Poles and fierce language had been used by Osobka-Morawski in regard to the London government, and that he understood the Lublin government had declared its intention to try as traitors the members of the

*Vetch, Communist committee of local government.

Polish Home Army and the underground forces. He said these reports caused great anxiety and perplexity in England, and he hoped these two points would be considered with Marshal Stalin's usual patience and kindness.

THE PRIME MINISTER continued that he personally would welcome observers of the three powers in any area where they appeared needed. He therefore felt that the last sentence of the United States draft in regard to responsibilities of the Ambassadors was very important. He said that he understood that Tito would have no objection to foreign observers when elections were to be held in Yugoslavia, and the British would welcome observers from the United States and the Soviet Union when elections were held in Greece, and the same would apply to Italy. He said these were not idle requests, since, for example, he knew in Egypt that whatever government held the elections won. He recalled that King Farouk for this reason refused to permit Nahas Pasha to hold an election while the latter was prime minister.

MARSHAL STALIN remarked that he understood the Egyptian elections where he had heard that the very greatest politicians spent their time buying each other, but this could not be compared with Poland since there was a high degree of literacy in Poland. He inquired as to the literacy in Egypt, and neither the Prime Minister or Mr. Eden had this information at hand.

THE PRIME MINISTER remarked that he did not mean to compare Poland with Egypt, but he had to give the House of Commons real assurance that free elections would be held. For instance, would Mikolajczyk be allowed to take part in these elections?

MARSHAL STALIN remarked that Mikolajczyk was a member of the Peasant Party which wasn't a Fascist party and therefore he could take part in the elections.

THE PRIME MINISTER suggested this question be considered by the Foreign Ministers tonight.

MARSHAL STALIN remarked that he thought this was a matter which should be discussed in the presence of the Poles.

THE PRIME MINISTER said he thought this was a matter which was necessary to carry through and that it was important to assure the House of Commons that free elections would be held in Poland. . . .

MARSHAL STALIN, in reply to this observation, said they were good people and in olden times many of them were scientists. He mentioned Copernicus in this connection. He admitted that they were still quarrelsome and there were still some Fascist elements in Poland, and that was why "non-Fascist, etc." had been added to the term "democratic parties."

THE PRESIDENT said he would like to add one word. He felt that the elections was the crux of the whole matter, and since it was true, as Marshal Stalin had said, that the Poles were quarrelsome people not only at home but also abroad, he would like to have some assurance for the six million Poles in the United States that these elections would be freely held, and he said he was sure if such assurance were present that elections would be held by the Poles there would be no doubt as to the sincerity of the agreement reached here.

MARSHAL STALIN then said he had before him the Declaration on Liberated Europe, and Mr. Molotov had one small change to propose. He said that in the fourth paragraph, after the part about consulting the other United Nations, he suggested adding the following:

In this connection, support will be given to the political leaders of those countries who have taken an active part in the struggle against the German invaders.

MARSHAL STALIN remarked that with this slight amendment he found the Declaration acceptable.

THE PRESIDENT pointed out that the Declaration would of course apply to any areas or countries where needed as well as to Poland.

THE PRIME MINISTER said he did not dissent from the President's proposed Declaration as long as it was clearly understood that the reference to the Atlantic Charter did not apply to the British Empire. He said he had already made plain in the House of Commons that as far as the British Empire was concerned the principles already applied. He said he had given Mr. Willkie a copy of his statement on this subject.

THE PRESIDENT inquired if that was what had killed Mr. Willkie.

THE PRESIDENT said that in earlier drafts France had been included but was now absent.

MARSHAL STALIN remarked that three powers were better than four.

THE PRIME MINISTER said it might be possible to ask France to associate itself with the Declaration.

THE PRESIDENT suggested that this matter be considered by the three Foreign Ministers tonight.

MARSHAL STALIN said that the Prime Minister need have no anxiety that Mr. Molotov's amendment was designed to apply to Greece.

THE PRIME MINISTER said he was not anxious about Greece —that he merely desired that everybody should have a fair chance and do his duty.

MARSHAL STALIN said he thought it would have been very dangerous if he had allowed other forces than his own to go into Greece.

THE PRIME MINISTER said he would welcome a Soviet observer in Greece.

MARSHAL STALIN said he had complete confidence in British policy in Greece.

THE PRIME MINISTER expressed gratification in this statement.

THE PRIME MINISTER then said that they should touch on, at this conference, the question of war criminals—that is, those whose crimes had no geographical limitation.

MR. MOLOTOV inquired whether his amendment to the Declaration was acceptable.

THE PRESIDENT replied that he thought it should be considered by the Foreign Ministers.

MARSHAL STALIN said that we could then consider it agreed that the Tito-Subasic agreement should go into effect immediately.

THE PRIME MINISTER concurred.

MARSHAL STALIN made some reference to sending a telegram to Tito but the suggestion was not pursued.

THE PRIME MINISTER said that he personally had drafted the Declaration on German atrocities issued by the Moscow Conference which dealt with the subject of the main criminals whose crimes had no geographical location. He said it was an egg that he had laid himself and he thought a list of the major criminals of this category should be drawn up here. He said he thought they should be shot once their identity is established.

MARSHAL STALIN asked about Hess.

THE PRIME MINISTER said he thought that events would catch up with Hess. He said he believed these men should be given a judicial trial.

MARSHAL STALIN replied in the affirmative. He then asked if the war criminal question applied to prisoners of war.

THE PRIME MINISTER replied that it did if they had violated the laws of war. He said that we should merely have an exchange of views here and no publicity should be given to the matter.

MARSHAL STALIN inquired if the offensive on the Western Front had begun.

THE PRIME MINISTER said yes—about 100,000 British launched an attack yesterday morning and made an advance of about 3,000 yards over a five-mile front. He said the defense had been weak except in two villages, and were now in contact with the defenses of the Seigfreid Line. He said the second wave, of the United States 9th Army, was to start tomorrow. He added that this offensive was to continue and grow in intensity.

The meeting then adjourned until four o'clock tomorrow.

* * *

SEVENTH PLENARY MEETING, FEBRUARY 10, 1945, 4 P.M., LIVADIA PALACE

PRESENT

UNITED STATES	UNITED KINGDOM	SOVIET UNION
President Roosevelt	Prime Minister Churchill	Marshal Stalin
Secretary Stettinius	Foreign Secretary Eden	Foreign Commissar Molotov
Fleet Admiral Leahy	Sir Archibald Clark Kerr	Mr. Vyshinsky
Mr. Hopkins	Sir Alexander Cadogan	Mr. Maisky
Mr. Harriman	Sir Edward Bridges	Mr. Gusev
Mr. Matthews	Mr. Jebb	Mr. Gromyko
Mr. Hiss	Mr. Wilson	Mr. Pavlov
Mr. Bohlen	Mr. Dixon	
Mr. Foote	Major Birse	
Mr. Early	Mr. Roberts	
	Mr. Allen	

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Bohlen Minutes

TOP SECRET

Subjects: Poland
French Participation in Control Commission for Germany
Yugoslavia
World Security Organization
Reparations from Germany
The Dardanelles

THE PRESIDENT said that he thought that Mr. Eden had a report to make on the progress achieved at the meeting of the Foreign Ministers this morning.

MR. EDEN said that he had to report agreement on the future Government of Poland, that there had been two questions involved which he would refer to later but in the meantime he would read the new formula. He read the new formula with one correction which he admitted to have been made by Mr. Molotov. The new formula was as follows:

A new situation has been created in Poland as a result of her complete liberation by the Red Army. This calls for the establishment of a Polish Provisional Government which can be more broadly based than was possible before the recent liberation of Western Poland. The Provisional Government which is now functioning in Poland should therefore be reorganized on a broader democratic basis with the inclusion of democratic leaders from Poland itself and from Poles abroad. This new Government should then be called the Polish Provisional Government of National Unity.

Mr. Molotov, Mr. Harriman and Sir A. Clark Kerr are authorized to consult in the first instance in Moscow with members of the present Provisional Government and with other Polish democratic leaders from within Poland and from abroad, with a view to the reorganization of the present Government along the above lines. This Polish Provisional Government of National Unity shall be pledged to the holding of free and unfettered elections as soon as possible on the basis of universal suffrage and secret ballot. In these elections all democratic and anti-Nazi parties shall have the right to take part and to put forward candidates.

When a Polish Provisional Government of National Unity has been properly formed in conformity with the above, the Government of the U.S.S.R., which now maintains diplomatic relations with the present Provisional Government of Poland, and the Government of the United Kingdom and the Government of the U.S.A. will establish diplomatic relations with the new Polish Provisional Government of National Unity, and will exchange Ambassadors by whose reports the respective Governments will be kept informed about the situation in Poland.

THE PRIME MINISTER said that the document made no mention of frontiers. He said we are all agreed on the Eastern frontier of Poland and he agreed that Poland should receive compensation in the West, up to the line of the Oder if the Poles so desired. He said that the British Government was very doubtful about going any further or mentioning any such possibility at this stage, since he did not believe that the War Cabinet would accept the line of the Western Neisse. He said he felt, however, that some mention should be made of the territorial settlement otherwise the whole world would wonder what had been decided on this question. There would be some criticism, but nevertheless, it would be better than no mention at all.

THE PRESIDENT said that the Polish Government should be consulted before any statement was made in regard to the Western frontier.

MARSHAL STALIN remarked that he thought that there should be some statement on the Eastern frontier on which all present had agreed.

THE PRIME MINISTER concurred with this statement of Marshal Stalin and repeated the people would wish to know what we had decided on this question.

MR. MOLOTOV remarked that it would be a good thing if something definite could be said about the Eastern frontier, since it would clarify and quiet the whole situation insofar as the Poles were concerned. He said that it was certain that there would be criticisms, but he felt it would in general be beneficial. He suggested that the matter be referred to the three Foreign Ministers to draft some statement on this point. He added that it was perhaps not necessary to be as specific in regard to the Western frontier as in regard to the Eastern frontier.

THE PRIME MINISTER said that he had already gone on record to the effect that Poland would receive a good slice of territory in the North and in the West but that the opinion of the New Polish Government of National Unity would be sought.

THE PRESIDENT said he had no objection in principle to such a statement but he thought the Prime Minister should draft it.

MR. MOLOTOV suggested that it should form a last sentence of the Polish statement.

MR. EDEN, continuing his report, said that in regard to his *[the]* declaration on liberated Europe the Soviet Delegation had proposed an amendment in regard to the last sentence of the fifth paragraph to the effect that the three Governments should immediately take measures for the carrying out of mutual consultations. Mr. Eden said that he proposed a draft that the three Governments should immediately consult together upon the measures to discharge the joint responsibilities set forth in this declaration.

After some discussion as to what had been agreed upon at the meeting of the Foreign Ministers this morning, Marshal Stalin said he accepted the British suggestion.

MR. EDEN then said there was a note which he wished to attach to this declaration, namely, that the French should be invited to associate themselves with the declaration and that his note would merely state that in issuing this declaration the three heads of Governments expressed the hope that the Provisional Government of France would associate themselves in the actions and procedures envisaged therein.

THE PRESIDENT then said that he had changed his mind in regard to the question of the French participation in the Control Commission. He now agreed with the views of the Prime Minister that it would be impossible to give France an area to administer in Germany unless they were members of the Control Commission. He said he thought it would be easier to deal with the French if they were on the Commission than if they were not.

MARSHAL STALIN said he had no objections and that he agreed to this.

THE PRIME MINISTER suggested that there should be a joint telegram sent to De Gaulle informing him of these decisions to which there was general agreement.

MR. EDEN said the next subject was that of Yugoslavia and read the text of a telegram to be sent to Marshal Tito and Subasic suggesting that the agreement which they had reached be immediately put into effect as the basis for the formation of a unified Government of Yugoslavia.

THE PRESIDENT said he was not sure whether he would be able to join in the statement on Yugoslavia but when it had been read to him he agreed that it was satisfactory and that he could associate himself with it.

After some discussion MARSHAL STALIN suggested that the telegram to Marshal Tito and Subasic should say that the heads of the three Governments have agreed that the agreement between Tito and Subasic should be put immediately into effect and that as soon as a new Government was formed the two amendments proposed by the British should be put into effect. He said he thought it was inconsistent to put more in the communiqué than there was in the telegram.

THE PRIME MINISTER said he hoped that both of the two amendments proposed by the British could be in the communiqué.

MR. MOLOTOV said he thought it would be better to confine the telegram and reference in the communiqué to the entry into force of the Tito-Subasic agreement.

THE PRIME MINISTER said he thought the British people would be more reconciled to the Government and it would have a better reception if the two amendments were included.

After some discussion with the Prime Minister and Mr. Eden, MARSHAL STALIN said that he thought that three points could be included in the telegram: (1) that the Tito-Subasic agreement should go immediately into force, (2) that the members of the *Skupschina* who had not collaborated with the Germans could be included into the Vetch, and (3) that the actions of the anti-fascist Vetch would be subject to the confirmation by the Constituent Assembly. He added that he thought these three points could go into the communiqué.

MR. EDEN said that the sub-committee in regard to Dumbarton Oaks had reported on the matter of informing the French and Chinese Governments and on the form of the invitations, but he did not feel that it was necessary to bother the Conference with these small matters. He went on to say that in regard to reparations the British Government still had reservations in regard to the Soviet proposals.

THE PRIME MINISTER said he had received instructions from the War Cabinet not to mention figures and that that should be left to the reparations committee to determine.

THE PRESIDENT said that he was afraid that if reparations and especially if any figures were mentioned that the American people would believe that it involved money.

MARSHAL STALIN explained that the sum mentioned was only the expression of the value of the reparations in kind.

THE PRIME MINISTER added that nothing would be published, as he understood it, in regard to reparations but that he could not agree to the inclusion of a definite sum.

MARSHAL STALIN said he wished to discuss the circumstances of the matter. He did not understand why there should be any confusion in regard to payment in money since the Soviet Union had concluded three treaties with Finland, Rumania and Hungary in which the value of reparations in kind were definitely stated and that there had been no confusion as far as he knew on this subject. He said that if the British felt that the Russians should receive no reparations at all, it would be better to say so frankly. He said he had heard a great deal of talk at the Conference that the Russians would receive reparations in kind in the form of factories and plants but that no decision had been reached. He said he thought that two decisions might be taken by the Conference: (1) that it was agreed in principle that Germany should pay reparations and (2) that the Reparations Commission to sit in Moscow should fix the amount and should take into consideration the American-Soviet proposal that there should be twenty billion dollars of reparations, with fifty per cent to the Soviet Union.

THE PRESIDENT said he feared the word "reparations" somewhat since he thought the people in America would think it meant reparations in cash.

Someone replied that this could be easily avoided by using the term "compensation for damages caused by Germany during the war" instead of "reparations."

MR. MOLOTOV said that the Moscow commission would have the duty of finding out the total of reparations to be paid, taking as a basis of discussion the American-Soviet formula.

THE PRIME MINISTER replied that the British Government could not commit itself to any figure.

MARSHAL STALIN replied that there was no commitment involved but it might be said that the Commission might take as material for discussion the American-Soviet formula.

THE PRIME MINISTER then read a telegram from the War Cabinet which said that they considered it inadmissible to state any figure until an investigation had been completed on the spot and that at any rate the figure of twenty billion dollars was too great. It was equal to Germany's export trade in times of peace and it was beyond the capacity of Germany to pay. It was true that some of these reparations would come from Germany's capital assets but that in turn would make it more difficult for Germany to pay her bills. The payments would more than cover German imports and if these imports were not given a priority ahead of reparations it would mean that the other countries would be paying for German reparations to those countries receiving them.

MARSHAL STALIN said he did not want to go into the circumstances of the telegram the Prime Minister had just read. The experts may be right, but that all they were preparing was a figure to be used as a basis for discussions—it could be reduced or increased by the Commission in Moscow.

THE PRESIDENT then suggested that the whole matter be left to the Commission in Moscow.

MARSHAL STALIN said that he felt in principle that Germany should pay reparations which would be stated by the three Governments here.

MR. MOLOTOV said that yesterday Mr. Stettinius had analyzed the results of the meeting and had reported full agreement on the first two points of the Soviet proposal. Now the question was what countries should receive reparations and the type of reparations and differences only appeared between the United States and the Soviet Delegation on the one hand and the British on the other in regard to the naming of a sum.

MR. EDEN said that rightly or wrongly, the British Government felt that even the naming of a sum as the basis of

discussions would commit them. He said he proposed that the Moscow Commission be instructed to examine the report of Mr. Maisky, made at the Crimean Conference.

MR. MOLOTOV and MR. MAISKY both replied that to refer a question put by the Crimean Conference to a lesser body would be utterly illogical.

THE PRIME MINISTER said that no agreement had been reached as to the mention of a sum.

MR. EDEN added that the first two points referred to by Mr. Molotov were agreed upon but not the last which related to the sum.

MARSHAL STALIN repeated that he was willing to propose the following formula: (1) that the heads of the Governments had agreed that Germany must pay compensation for the damages caused to the Allied nations as a result of the war, and (2) that the Moscow Commission be instructed to consider the amount of reparations. This was agreed to by the Conference.

There was then a short intermission.

THE PRESIDENT inquired whether they could discuss the British text of the paragraph on frontiers to be added to the Polish statement.

MR. MOLOTOV replied that he had not yet received the Russian translation.

MARSHAL STALIN then said that he would like to say a few words about the Montreux Convention regarding the Dardanelles. He said the treaty was now outmoded. As he recalled, the Japanese Emperor played a big part in the treaty, even greater than that of the Soviet Union. The treaty was linked with the League which does not exist just as the Japanese Emperor was not present at this Conference. Under the Montreux Convention the Turks have the right to close the Straits not only in time of war but if they feel that there is a threat of war. He said that the treaty was made at a time when the relations between Great Britain and the Soviet Union were not perfect, but he did not think now that Great Britain would wish to strangle Russia with the help of the Japanese. The treaty needed revision. He thought that there would be no objection to a consideration of the revision of that treaty. He said in what manner the treaty should be revised he did not know and he did not wish to prejudge any decisions, but he felt that the interests of Russia should be considered. He said that it was impossible to accept a situation in which Turkey had a hand on Russia's throat. He added, however, that it should be done in such a manner as not to harm the legitimate interests of Turkey. This was a question which an appropriate organization could consider and he thought that the three Foreign Ministers who were to meet periodically—every two or three months—might well consider this matter at their first meeting and report to their respective cabinets.

THE PRESIDENT said he had one general observation to make and that was that in the United States we had a frontier of over 3,000 miles with Canada and there was no fort and no armed forces. This situation had existed over a hundred years and it was his hope that other frontiers in the World would eventually be without forts or armed forces on any part of their national boundaries.

THE PRIME MINISTER said that Marshal Stalin had reminded them of the question of the Straits when they were in Moscow last autumn. They had said then that they were in sympathy with the revision of the treaty and had suggested to the Soviet Government that a note be sent on the subject but none has as yet been received. He said that he thought that the method proposed by Marshal Stalin was a wise one. The British certainly felt that the present position of Russia with their great interests in the Black Sea should not be dependent on the narrow exit. He said if the matter is brought up at the meeting with the Foreign Ministers he hoped the Russians would make their proposals known. In the meantime, it might be well to inform the Turks that the matter of revision of the Montreux Convention would be under consideration. This was particularly true if the Allies desired them to come into the war on their side. Mr. Eden reminded him that he had mentioned the matter several times to the Turkish Ambassador in London. He said it might be advisable to give the Turks at the same time some assurance that their independence and integrity will be guaranteed.

MARSHAL STALIN replied it was impossible to keep anything secret from the Turks and that such assurance should be expressed.

THE PRESIDENT agreed to this.

MARSHAL STALIN said the Foreign Ministers could meet at the United Nations Conference and discuss the question of the Straits.

THE PRIME MINISTER said that he thought that this matter affected the position of Great Britain in the Mediterranean more than it did that of the United States and that he felt that if the Foreign Ministers had a meeting in London that that would be the proper place to discuss this question. He went on to say that some years ago he had tried very hard to get through the Dardanelles and then the Russian Government had made available an armed force to help but did not succeed.

MARSHAL STALIN said that the Prime Minister had been in too much of a hurry in withdrawing his troops since the Germans and Turks were on the verge of surrender.

THE PRIME MINISTER replied that by that time he was out of the government because of the Dardanelles campaign and had had nothing to do with that decision.

MARSHAL STALIN then inquired who was taking down decisions reached at this conference.

MR. EDEN replied there would be an agreed upon communiqué as well as a list of the decisions taken.

THE PRESIDENT then said he wished to propose some small amendments in the paragraph regarding frontiers in the Polish statement. He said these amendments were necessary for American Constitutional reasons. He suggested that instead of the first words "The three powers" he would like to substitute "The three heads of government" and that in the second sentence the words "three powers" be eliminated, and in the last sentence the word "feel" instead of "agree" should be used.

These amendments were accepted by the conference, and the following text approved:

"The three Heads of Government consider that the Eastern frontier of Poland should follow the Curzon Line with digressions from it in some regions of five to eight kilometres in favour of Poland. It is recognized that Poland must receive substantial accessions of territory in the North and West. They feel that the opinion of the new Polish Provisional Government of National Unity should be sought in due course on the extent of these accessions and that the final delimitation of the Western frontier of Poland should thereafter await the Peace Conference."

MR. MOLOTOV said he had one suggestion and that was to add to the second sentence "with the return to Poland of her ancient frontiers in East Prussia and on the Oder."

THE PRESIDENT inquired how long ago these lands had been Polish.

MR. MOLOTOV said very long ago, but they had in fact been Polish.

THE PRESIDENT said this might lead the British to ask for the return of the United States to Great Britain.

MARSHAL STALIN replied that the ocean prevented this. He added that at the present the draft said nothing specific about frontiers, which he thought was very important for the Poles.

THE PRIME MINISTER said he would prefer not to mention the frontier in the west since he shared the same difficulties the President had spoken of.

MR. EDEN said that they had always said that they would accept any line up to the Oder that the Poles desired.

THE PRIME MINISTER said that there was no stopping place between what we proposed to do and the line of the Oder, and if the question is asked about ancient territories there would be no answer. He said that he was not against the line of the Oder in principle if the Poles so desired.

MR. MOLOTOV said he thought it might be worthwhile considering this wording.

MARSHAL STALIN said he would withdraw the Soviet amendment and leave the British draft as it had been.

The draft of the last paragraph regarding Polish frontiers was accepted.

THE PRESIDENT then remarked he would have to leave Yalta tomorrow at three o'clock in the afternoon.

THE PRIME MINISTER remarked that he doubted if it would be possible to get all the work done by then, particularly the communiqué and the final text of the documents.

There followed a discussion between the President, the Prime Minister, Mr. Stettinius and Mr. Eden concerning the possibility of preparing the communiqué before the time set for the President's departure.

MARSHAL STALIN remarked that there was very little time and he felt it was impossible to complete the work in view of the dinner. He suggested that the dinner might be cancelled.

After some discussion it was decided that a drafting committee for the communiqué should come to the Villa and report at ten o'clock to the Foreign Ministers and heads of government.

The meeting then adjourned.

° ° °

TRIPARTITE DINNER MEETING, FEBRUARY 10, 1945, 9 P.M., VORONTSOV VILLA*

PRESENT

UNITED STATES	UNITED KINGDOM
President Roosevelt	Prime Minister Churchill
Secretary Stettinius	Foreign Secretary Eden
Mr. Bohlen	Major Birse

SOVIET UNION

Marshal Stalin
Foreign Commissar Molotov
Mr. Pavlov

Bohlen Collection

Bohlen Minutes

TOP SECRET

*Churchill acted as host.

Subjects: Reparations from Germany
Communiqué
British and American Politics
Jewish problems

At the beginning of dinner the conversation was general.

THE PRIME MINISTER then proposed a toast to the King of England, the President of the United States, and to Mr. Kalinin, President of the Supreme Soviet of the Soviet Union, and he asked the President as the only Head of State present to reply to this toast.

THE PRESIDENT replied that the Prime Minister's toast brought back many memories—that he recalled the first year as President of the United States in the summer of 1933. His wife had gone down in the country to open a school, and on the wall there had been a map on which there had been a great black space. He said the teacher had told his wife that it was forbidden to speak about this place, and this place had been the Soviet Union. He said he had then decided to write a letter to Mr. Kalinin asking him to send someone to the United States to open negotiations for the establishment of diplomatic relations.

MARSHAL STALIN, in his conversation with Prime Minister Churchill, emphasized the unsatisfactory nature of the reparations question at the conference. He said he feared to have to go back to the Soviet Union and tell the Soviet people they were not going to get any reparations because the British were opposed to it.

THE PRIME MINISTER said that, on the contrary, he very much hoped that Russia would receive reparations in large quantities, but he remembered the last war when they had placed the figure at more than the capacity of Germany to pay.

MARSHAL STALIN remarked that he thought it would be a good idea to put some mention of the intention to make Germany pay for the damage it had caused the Allied Nations, and also some reference to the Reparations Commission, in the communiqué.

THE PRIME MINISTER and THE PRESIDENT agreed to the inclusion of these statements in the communiqué.

THE PRIME MINISTER then proposed a toast to the health of Marshal Stalin. He said he hoped that the Marshal had a warmer feeling for the British than he had had, and that he felt that the great victories which his armies achieved had made him more mellow and friendly than he had been during the hard times of the war. He said that the Marshal realized that he had good and strong friends in those British and American representatives assembled here. We all hoped, he continued, that the future of Russia would be bright, and he said he knew Great Britain, and he was sure the President, would do all they could to bring this about. He said he felt that the common danger of war had removed impediments to understanding and the fires of war had wiped out old animosities. He said he envisaged a Russia which had already been glorious in war as a happy and smiling nation in times of peace.

MR. STETTINIUS then proposed a toast to his predecessor, Mr. Cordell Hull, who he said had been an inspiration to us all in his labors for the creation of a peaceful and orderly world. He concluded by saying that Mr. Hull was a great American and great statesman.

THE PRESIDENT then said that he recalled that there had been an organization in the United States called the Ku Klux Klan that had hated the Catholics and the Jews, and once when he had been on a visit in a small town in the South he had been the guest of the president of the local Chamber of Commerce. He had sat next to an Italian on one side and a Jew on the other and had asked the president of the Chamber of Commerce whether they were members of the Ku Klux Klan, to which the president had replied that they were, but that they were considered all right since everyone in the community knew them. The President remarked that it was a good illustration of how difficult it was to have any prejudices—racial, religious or otherwise—if you really knew people.

MARSHAL STALIN said he felt that this was very true.

After considerable discussion between the Prime Minister and Marshal Stalin as to English politics, in which the latter said he did not believe the Labor Party would ever be successful in forming a government in England, THE PRESIDENT said that in his opinion any leader of a people must take care of their primary needs. He said he remembered when he first became President the United States was close to revolution

because the people lacked food, clothing and shelter, but he had said, "if you elect me President I will give you these things," and since then there was little problem in regard to social disorder in the United States.

THE PRESIDENT then said he desired to propose a toast to the Prime Minister. He said that he personally had been twenty-eight years old when he entered political life, but even at that time Mr. Churchill had had long experience in the service of his country. Mr. Churchill had been in and out of the government for many, many years, and it was difficult to say whether he had been of more service to this country within the government or without. The President said that he personally felt that Mr. Churchill had been perhaps of even greater service when he was not in the government since he had forced the people to think.

THE PRIME MINISTER said that he would face difficult elections in the near future in England since he did not know what the Left would do.

MARSHAL STALIN said that he felt that Left and Right now were parliamentary terms. For example, under classical political concepts, Daladier, who was a radical socialist, had been more to the left than Mr. Churchill, yet Daladier had dissolved the trade unions in France, whereas Mr. Churchill had never molested them in England. He inquired who, then, could be considered more to the left?

THE PRESIDENT said that in 1940 there had been eighteen political parties in France and that within one week he had had to deal with three different prime ministers in France. He said that when he had seen de Gaulle last summer he had asked him how this had happened in French political life, and de Gaulle replied that it was based on a series of combinations and compromises, but he intended to change all that.

THE PRIME MINISTER remarked that Marshal Stalin had a much easier political task since he only had one party to deal with.

MARSHAL STALIN replied that experience had shown one party was of great convenience to a leader of a state.

THE PRIME MINISTER said if he could get full agreement of all the British people it would greatly facilitate his task, but he must say that during the Greek crisis he had lost two votes in Parliament and the opposition had consisted of only eleven votes against him. He said he had accosted those Members of Parliament who had deserted him and had asked them to have the courage of their convictions. He added that they had been very unhappy because they had had this stand against the government. He concluded that he didn't know what would be the result of the election in England but he knew he and Mr. Eden would continue to support the interests of Russia and the United States no matter who was in power.

THE PRIME MINISTER then remarked that although he had had great difficulty with Mr. Gallagher, the Communist member in the House of Commons, he nevertheless had written him a letter of sympathy when he lost his two foster children in the war. He added that he felt that British opposition to Communism was not based on any attachment to private property but to the old question of the individual versus the state. He said that in war the individual of necessity is subordinate to the state and that in England any man or woman between the ages of eighteen and sixty was subject to the government.

MARSHAL STALIN remarked that he did not believe the Labor Party could ever form a government in England. He asked the President whether there was any labor party in the political sense in the United States.

THE PRESIDENT replied that labor was extremely powerful in the United States but there was no one specific party.

. . . . . .

MARSHAL STALIN then said he thought more time was needed to consider and finish the business of the conference.

THE PRESIDENT answered that he had three Kings waiting for him in the Near East, including Ibn Saud.

. . . . . .

MARSHAL STALIN said the Jewish problem was a very difficult one—that they had tried to establish a national home for the Jews in Virovidzhan but that they had only stayed there two or three years and then scattered to the cities. He said the Jews were natural traders but much had been accomplished by putting small groups in some agricultural areas.

THE PRESIDENT said he was a Zionist and asked if Marshal Stalin was one.

MARSHAL STALIN said he was one in principle but he recognized the difficulty.

During the course of the conversation, MARSHAL STALIN remarked that the Soviet Government would never have signed a treaty with the Germans in 1939 had it not been for Munich and the Polish-German treaty of 1934.

MARSHAL STALIN came over and spoke to the President and said he did not think they could complete the work of the conference by three o'clock tomorrow.

THE PRESIDENT replied that if necessary he would wait over until Monday, to which Marshal Stalin expressed gratification.

It was tentatively agreed that there would be a plenary session tomorrow at twelve noon, after which the Prime Minister and Marshal Stalin would lunch with the President.

EIGHTH PLENARY MEETING, FEBRUARY 11, 1945, NOON, LIVADIA PALACE

PRESENT

UNITED STATES	UNITED KINGDOM	SOVIET UNION
President Roosevelt	Prime Minister Churchill	Marshal Stalin
Secretary Stettinius	Foreign Secretary Eden	Foreign Commissar Molotov
Fleet Admiral Leahy	Sir Archibald Clark Kerr	
Mr. Hopkins	Sir Alexander Cadogan	
Mr. Harriman	Sir Edward Bridges	Mr. Vyshinsky
Mr. Matthews	Mr. Jebb	Mr. Maisky
Mr. Hiss	Mr. Wilson	Mr. Gusev
Mr. Bohlen	Mr. Dixon	Mr. Gromyko
Mr. Foote	Major Birse	Mr. Pavlov

Editorial Note

There are no full minutes of this meeting in the Bohlen Collection. There is a list of those present and of subjects of discussion, indicated as (1) communiqué on close of conference, (2) reparations, and (3) Japan, but these are followed by the notation: "No report was written up on this Conference." There is, however, a subsequent page in the Bohlen Collection, entitled "Report of Last Day's Proceedings," the first paragraph of which bears the sub-heading "Last Plenary Session." This is the paragraph reproduced below.

Bohlen Collection

Bohlen Note

SECRET

At the last Plenary Session, the communiqué was discussed and most of the conversation dealt with the details of language, the results of which are apparent in the final communiqué agreed upon. The Soviet suggested that in the part on voting procedure no reference be made to the fact

that the proposal accepted was put forward by the President. Marshal Stalin stated that there would be no objection to the President, or any other American official, making it public that the United States' proposal had been adopted, but he felt such a reference did not properly belong in a communiqué. The Soviet suggestion was adopted.

° ° °

TRIPARTITE LUNCHEON MEETING, FEBRUARY 11, 1945, 1 P.M., LIVADIA PALACE*

PRESENT

UNITED STATES	UNITED KINGDOM	SOVIET UNION
President Roosevelt	Prime Minister Churchill	Marshal Stalin
Fleet Admiral Leahy	Foreign Secretary Eden	Foreign Commissar Molotov
Secretary Stettinius	Sir Archibald Clark Kerr	
Mr. Hopkins	Sir Alexander Cadogan	
Mr. Harriman	Major Birse	
Mr. Bohlen		

Bohlen Collection

Bohlen Note

° Roosevelt acted as host.

At the luncheon, which was attended by the President, the Prime Minister, and Marshal Stalin, the three Foreign Secretaries, Ambassador Harriman, Clark Kerr, and Sir Alexander Cadogan, and three interpreters, the conversation was general and personal. At one point, however, Marshal Stalin made an obvious reference to Iran, and stated in his opinion, any nation which kept its oil in the ground and would not let it be exploited, was, in fact, "working against peace."

° ° °

Signed Agreements

EXCHANGE OF NOTES

Bohlen Collection

President Roosevelt to Marshal Stalin

TOP SECRET

[Yalta,] February 10, 1945.

MY DEAR MARSHAL STALIN: I have been thinking, as I must, of possible political difficulties which I might encounter in the United States in connection with the number of votes which the Big Powers will enjoy in the Assembly of the World Organization. We have agreed, and I shall certainly carry out that agreement, to support at the forthcoming United Nations Conference the admission of the Ukrainian and White Russian Republics as members of the Assembly of the World Organization. I am somewhat concerned lest it be pointed out that the United States will have only one vote in the Assembly. It may be necessary for me, therefore, if I am to insure wholehearted acceptance by the Congress and people of the United States of our participation in the World Organization, to ask for additional votes in the Assembly in order to give parity to the United States.

I would like to know, before I face this problem, that you would perceive no objection and would support a proposal along this line if it is necessary for me to make it at the forthcoming conference. I would greatly appreciate your letting me have your views in reply to this letter.

Most sincerely yours,

FRANKLIN D. ROOSEVELT

Bohlen Collection

President Roosevelt to Prime Minister Churchill

TOP SECRET

[Yalta,] February 10, 1945.

DEAR WINSTON: As I said the other day, I am somewhat concerned over the political difficulties I am apt to encounter in the United States in connection with the ratification by the Senate of the Dumbarton Oaks agreement because of the fact that the United States alone among the three great powers will have only a single vote in the Assembly. I understand from our conversation that you would have no objection if I found it necessary to work out some way of giving the United States additional votes in order to insure parity. I am writing you this letter since I know you understand so well our political situation in the United States and I hope in reply to this letter you can give me your agreement to this suggestion if I find it necessary for our public opinion to make some proposal along those lines at the forthcoming United Nations Conference.

I am enclosing a copy of the letter which I have written to Marshal Stalin on the same subject.

Most sincerely yours,

FRANKLIN D. ROOSEVELT

Bohlen Collection

Prime Minister Churchill to President Roosevelt

[Yalta,] February 11, 1945.

MY DEAR FRANKLIN: I have given consideration to your letter of February 10 about the political difficulties which might arise in the United States in connection with the ratification by the Senate of the Dumbarton Oaks Agreement because of the fact that the United States alone among the three Great Powers will have only one vote in the Assembly.

Our position is that we maintained the long-established representation of the British Empire and Commonwealth; that the Soviet Government are represented by its chief member, and the two republics of the Ukraine and White Russia; and that the United States should propose the form in which their undisputed equality with every other Member State should be expressed.

I need hardly assure you that I should do everything possible to assist you in this matter.

Yours very sincerely,

WINSTON CHURCHILL

Bohlen Collection

Marshal Stalin to President Roosevelt

Translation

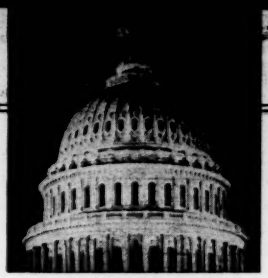
Koreis, February 11, 1945.

DEAR MR. ROOSEVELT: I have received your letter of February 10. I entirely agree with you that, since the number of votes for the Soviet Union is increased to three in connection with the inclusion of the Soviet Ukraine and Soviet White Russia among the members of the assembly, the number of votes for the USA should also be increased.

I think that the number of votes for the USA might be increased to three as in the case of the Soviet Union and its two basic Republics. If it is necessary I am prepared officially to support this proposal.

With sincere respects,

I. STALIN



THE TRAGEDY OF YALTA

BY DAVID LAWRENCE

From an editorial, February 23, 1945:

The meeting at Yalta, in the Crimea, was the most important international parley since the peace conference at Paris in 1919. And history has repeated itself. President Roosevelt has been out-traded and outmaneuvered by the pragmatic-minded statesmen of Europe, just as was President Wilson.

Mr. Roosevelt pins his hopes on the curative potentiality of the United Nations organization as Mr. Wilson did with his League of Nations. Europe, which at the Paris Peace Conference sold out idealism and principle for territorial greed and aggrandizement and a punitive peace, finally produced an embittered Germany that accepted Hitler as a better alternative than the misery and chaos of economic ruin forced upon her by excessive reparations. The League proved powerless to correct the mistakes of the Versailles Treaty.

Is the same thing in evolution now? . . .

Many of us will still believe that the President's position at the Crimea Conference should have been that which we took earlier in the war, namely, that peace settlements must await the day of victory and that the peace conference must be free from any previous commitments or pledges on territorial questions made in secret or otherwise . . .

For American idealism was defeated at Yalta. American constitutionalism was scorned at Yalta, and the pledges given in the Atlantic Charter that no nation—neither Russia, nor Britain nor any other country—will seek "territorial aggrandizement" were flagrantly violated at Yalta.

From an editorial, March 9, 1945:

Clearly we may all agree with the objective—world peace—and yet disagree with the system of personal and private conferences whereby three men carve up European territory without allowing the corrective influences of public opinion to be operative and without, indeed, taking the people into their confidence on the reasons why pledges solemnly given already during this war are casually, if not flagrantly, disregarded by our allies.

If we are to build a peace, we cannot do so by condoning the aggressive behavior of the head of a state who is not responsible to any Parliament or Congress, nor can we look with pride on the two other heads of state who now defend their "compromises" and destruction of principle on the ground that expediency and "give and take" left no alternative . . .

What reply can the President make to the American people who took the words of the Atlantic Charter as seriously as he now asks them to take the words of the Yalta communiqué or the words of his address to Congress? What explanation has he to make of the "territorial aggrandizement" whereby Russia grabbed Latvia, Estonia and Lithuania and refuses even to discuss their future status? What has he to say about creation of a puppet government by Russia at Lublin and of the proposed expulsion of millions of Poles from their homes?

Maybe the answer to all of this lies in the simple phrase interpolated almost wistfully by the President as he was concluding his address to Congress. He was saying: "The Crimean Conference was a successful effort by the three leading nations to find again a common ground of peace. It spells—" here Mr. Roosevelt almost whispered the next four words—"it ought to spell—the end of the system of unilateral action and exclusive alliances and spheres of influence and balances of power and all the other expedients that have been tried for centuries, and have always failed."

Yes, it "ought to" spell the end of power politics and of the grab method. But will it? And must we guarantee these border settlements and pay the bill for the economic upheavals and bitterness of resistance that flows therefrom—pay with the lives of our sons and grandsons as well as with our treasure?

Or are we to be told by the guilty minds of the sinners that what we ask is but impertinent "perfectionism" and that in this practical world we must give up ideals and principles and give way to opportunism and the makeshifts of expediency, ignoring our responsibility to innocent men, women, and children who are all creatures of God and deserve justice irrespective of any punishment that must necessarily be meted out to the criminal or the lawless?

Where is the international morality we have striven for so long?

Where is the courage to challenge the compromises and the appeasements that mean not yet the unconditional surrender of our enemies but already the unconditional surrender of our souls and our consciences to the old, old doctrine that "might makes right."

Shall we—in Congress, in the press, and in the gatherings of free men everywhere—acquiesce because it is the easiest course to follow? Shall we exchange the comfort of a craven acquiescence for the courage to speak out against the mistakes that mean more bloodshed tomorrow and for years to come? That is the unanswered question on which hinges the great decision that faces the American people today.

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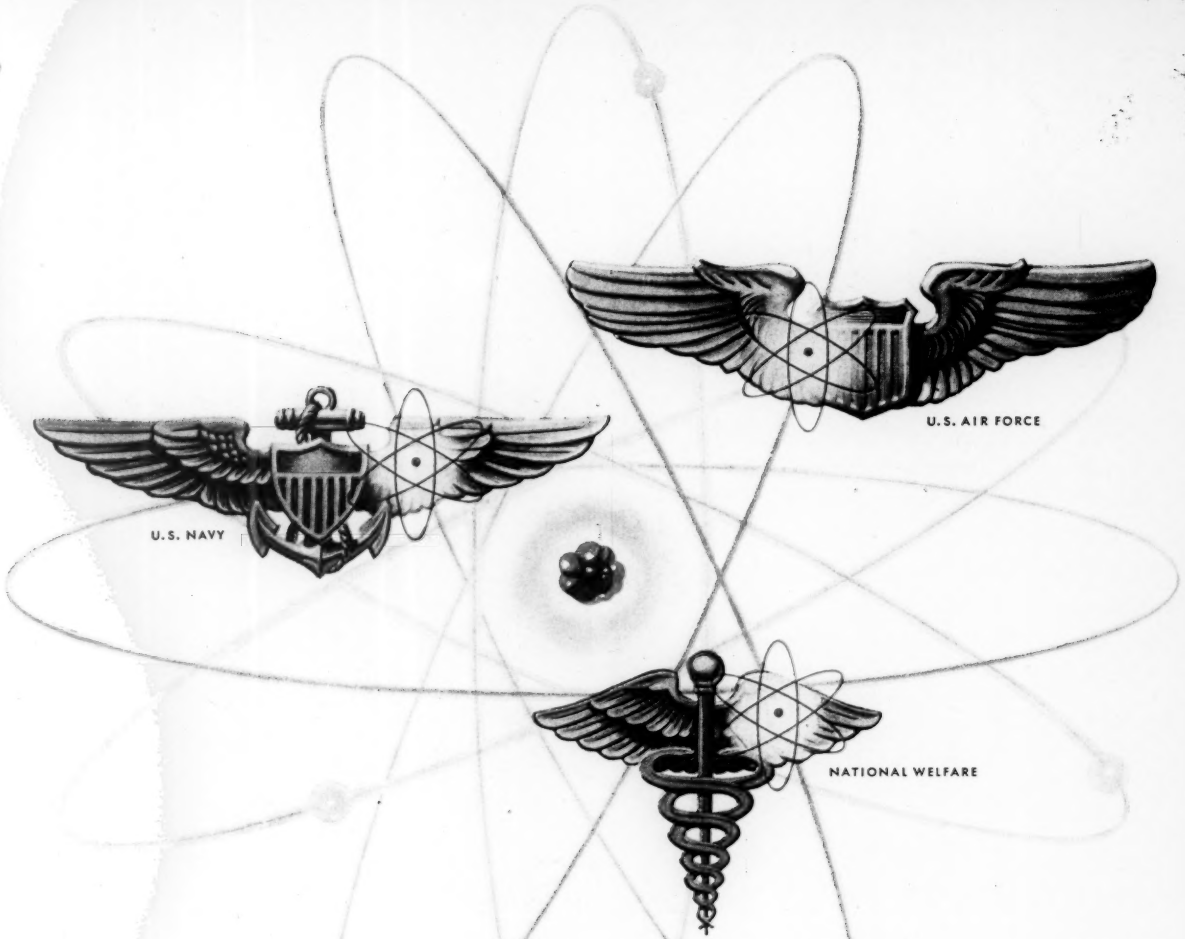

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